

ENERGY REALISM IN A DIVIDED WORLD:  
**ADDITION, NOT  
SUBSTITUTION**



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# Editor's Letter

Dear reader,

Geopolitical risks and supply chain fragility have shattered the illusion of a seamless energy transition. Today, the global mandate has shifted from a total pivot to a strategic expansion: energy addition. To secure reliability and resilience, the world is moving toward a model that integrates new energy sources without prematurely discarding the traditional fuels that underpin the global economy. In this May issue, we examine the "addition" paradigm and why the future of energy is a matter of layering capacity, rather than simply replacing it.

Throughout this issue's features, a clear message emerges: despite the rapid growth of renewables, hydrocarbons remain indispensable for heavy industry, long haul transport, and grid stability. Structural limits to substitution—from intermittency and infrastructure gaps to financing constraints—underscore why addition is becoming the operative model. This reality is further amplified by the surge in electricity demand from data centers and AI, where the sheer scale and reliability requirements cannot yet be met by renewables alone.

The issue also delivers comprehensive coverage of the 9th Egypt Energy Show (EGYPES 2026), the region's premier energy gathering. Our reporting captures how regional conflict and energy security concerns shaped the tone of the sessions, while also providing snapshots of the strategic agreements signed and awards presented on the sidelines.

Furthermore, we are pleased to feature an exclusive interview with Khaled Salah, Vice President (VP) of Africa at AVEVA, a global leader in industrial software. Salah explains how technologies such as digital twins and AI are being deployed to enhance asset efficiency, strengthen national energy security, and attract international investment—aligning perfectly with our theme of optimizing existing capacity.

This is a wide scoped issue, designed to serve as a reference for the months ahead. It reflects not only the turbulence of the present but also the resilient strategies shaping our energy future.

Enjoy the read.

*Sherine Samir*  
Editor-in-Chief

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## TOP FIVE NEWS

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### Eni Makes 2 Tcf Gas Discovery Offshore Egypt

Italy's Eni has announced a major natural gas and condensate discovery in the Temsah Concession, offshore Egypt's Eastern Mediterranean. Preliminary estimates from the Denise W 1 exploration well indicate about 2 trillion cubic feet (Tcf) of gas initially in place (GIIP) and 130 million barrels (mmbbl) of condensates.

Located 70 km offshore Port Said in 95 m water depth, the find lies less than 10 km from Eni's existing infrastructure, enabling fast track development to boost Egypt's energy security. The Denise W reservoir features high quality gas bearing sandstone with 50 m of net pay, similar to the nearby Temsah field, producing since 2001.

The discovery follows Eni's July 2025 agreement with the Egyptian General Petroleum Cooperation (EGPC) and Egyptian Natural Gas Holding Company (EGAS) to renew the Temsah Concession for 20 years. Eni operates the Denise Development Lease with a 50% interest alongside bp, managed through Petrobel, its joint venture (JV) with EGPC. Active in Egypt since 1954, Eni reported equity production of 242,000 barrels of oil equivalent per day (boe/d) in 2025.



### New Bid Round Opens for Three Gulf of Suez Blocks

Egypt has launched a new bidding round for three offshore development blocks in the Gulf of Suez: North Shadwan-1, North Shadwan-2, and North Shadwan-3, with submissions open via the Egypt Upstream Gateway (EUG) until May 17.

This bid round is part of the Open Blocks Licensing Program (OBLP), launched by the Ministry of Petroleum and Mineral Resources (MoPMR). The program ensures continuous access to investment opportunities by offering 49 blocks for bidding throughout the year.

The North Shadwan-1 block, spanning four square kilometers (km<sup>2</sup>), holds an upside potential of 25 million barrels (mmbbl) of stock tank oil initially in place (STOIP). To unlock these resources, the area requires an estimated \$16 million investment, comprising \$1 million for a single workover and \$15 million for one exploration and one development well. These activities are projected to increase production to 4,150 barrels of oil per day (bbl/d).

The North Shadwan-2 block, covering nine km<sup>2</sup>, contains an estimated 3.1 mmbbl of remaining reserves. To tap into this potential, the area requires an expected investment of \$10 million for two new development wells, which is projected to increase production to 2,000 bbl/d of oil.

In addition, the North Shadwan-3 block, also spanning nine km<sup>2</sup>, boasts 26.6 mmbbl of proved reserves (STOIP) despite currently having no active production. To bring this block online, the area requires an expected investment of \$65 million for offshore wells and infrastructure, which is projected to achieve a production rate of 5,000 bbl/d of oil.

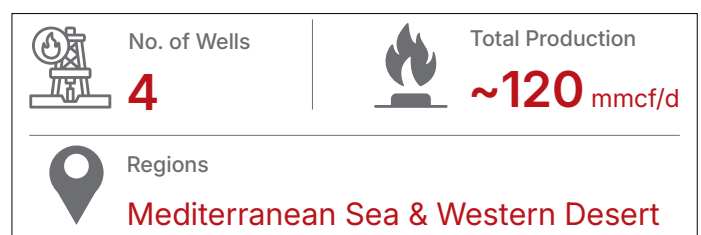
EUG is the Country's first digital platform for the upstream sector, launched by the Egyptian Ministry of Petroleum in collaboration with SLB in February 2021. The platform aims to help de-risk exploration prospects and attract new investments to Egypt.

### MoPMR Brings 4 New Wells Online with Total Output of 120 mmscf/d

Egypt's Ministry of Petroleum and Mineral Resources (MoPMR) has successfully brought four new natural gas wells on stream, with a combined production capacity of around 120 million standard cubic feet per day (mmscf/d), as part of its strategy to reduce the gas import bill and enhance domestic production.

The new wells include developments in the West El Burullus field in the Mediterranean, implemented in partnership with Cheiron, Egypt's largest independent exploration and production (E&P) company, alongside additional wells within the concession areas of Khalda Petroleum Company, in partnership with Apache Corporation, in the Western Desert.

The ministry stated that accelerating the pace of production remains a key pillar of its current action plan, aimed at optimizing local output and mitigating the impact of rising global energy prices. The new additions are expected to support the stability of the domestic gas market and gradually reduce reliance on imports.



### Apache Makes New Natural Gas Discovery in Aswan

US Apache, in collaboration with the Egyptian General Petroleum Corporation (EGPC), has made a new natural gas discovery in the Western Desert, following the drilling of the SKAL-1X exploratory well in the South Kalabsha area near Aswan.

This, according to a statement by the Ministry of Petroleum and Mineral Resources (MoPMR), is part of ongoing efforts to stimulate investment, boost domestic natural gas production, and reduce the import bill.

Preliminary test results from the well show daily production rates of approximately 26 million cubic feet (mmscf) of natural gas and 2,700 barrels of condensates.

This discovery reflects the success of the incentives and measures implemented by the MoPMR, noted the statement, adding that these initiatives have played a key role in encouraging Apache to expand its exploration and prospecting activities and increase its investments, particularly in new areas adjacent to its existing concessions.

The discovery is located in one of the areas recently assigned to the company, in proximity to its current operations. This enhances investment feasibility and reduces costs by leveraging geographic proximity to existing infrastructure and production facilities. This approach, said the statement, is set to accelerate development operations and bring new discoveries onto the production map as quickly as possible.

### Egypt to Buy Entire Output of Cyprus's Aphrodite Gas Field in 15-Year Agreement

The Egyptian Natural Gas Holding Company (EGAS) has signed a 15-year agreement to buy the entire output of the Cypriot Aphrodite gas field, with an option to extend the deal for an additional five years, Bloomberg reported, adding that the field would start production in about six years.

EGAS signed the preliminary deal with the companies that operate the Aphrodite project and Cyprus' state-run oil and gas firm, The Aphrodite partners, and Egypt also agreed on a framework to develop a gas transmission system off the Mediterranean coast, noted the news agency.

Cairo and the Aphrodite partners will set up a company under the name Aphrodite Midstream Co. in Egypt to implement the gas transmission system, noted Bloomberg, citing a statement by NewMed company, which owns a 30% stake in the Aphrodite license, while Chevron Corp. and Shell Plc hold 35% each.

Meanwhile, Cypriot officials told Reuters that the new agreement lays the groundwork for further deals, including potential sales from the Cronos and Aphrodite fields to Egypt or Egyptian state-owned companies

The agreement follows the framework agreement signed by the Egyptian and Cypriot presidents during the Egypt Energy Show EGPES 2026 on March 30 to deepen gas cooperation.



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## AGREEMENTS

## El-Sisi Approves 2 Laws for Oil Exploration

President Abdel Fattah El-Sisi has ratified two laws authorizing new petroleum exploration and production agreements in North Sinai offshore and the Gulf of Suez, as published by the Official Gazette and reported by Al-Ahram.



The first agreement, under Law No. 81 of 2025, authorizes the Minister of Petroleum and Mineral Resources, Karim Badawi, to contract with the Egyptian General Petroleum Corporation (EGPC), Perenco North Sinai Petroleum Inc., Perenco North Sinai Oil Limited, Perenco North Sinai Gas Limited, and Perenco Resources Egypt Limited to explore, develop, and produce oil in the North Sinai offshore development area.

Separately, Law No. 163 of 2025 empowers the Ministry of Petroleum and Mineral Resources (MoPMR) to contract with EGPC and Dragon Oil for petroleum exploration and exploitation in the East El-Hamd area of the Gulf of Suez.

## Cabinet Greenlights New Oil and Gas Exploration Deals

The Egyptian Cabinet approved a draft concession agreement for the exploration and exploitation of natural gas and crude oil in the Lotus offshore area in the Mediterranean Sea between the Egyptian government, the Egyptian Natural Gas Holding Company (EGAS), and Chevron Egypt Holdings Ltd. The agreement, involving the US-based Chevron, is part of broader legislative approval for two concessions that require a minimum investment of \$85 million.

The Cabinet also approved a draft concession agreement for the exploration, development, and exploitation of petroleum across several regions between the General Petroleum Company (GPC) and the state. The areas include the Gemsa and Ras Bahar development areas in the Eastern Desert; Ras Gharib (1) and Ras Gharib (1) Extension in the western Gulf of Suez and the Eastern Desert; the South Rafah 'Abu Raad' development area in the Sinai Peninsula; and the Abu Sennan development area in the Western Desert.

## Eni to Renew North Port Said Concession

The Egyptian General Petroleum Corporation (EGPC) signed a binding Memorandum of Intent (MoI) with Italian energy giant Eni to renew its North Port Said concession. The agreement includes the El Gamil strategic facilities, which serve as a primary natural gas processing hub for both current and future projects in the area.



The MoI outlines the core principles for a future work plan and serves as a preliminary step toward final agreements defining new investment commitments in the concession area, said the petroleum ministry on April 3.

Following the signing, Karim Badawi, Minister of Petroleum and Mineral Resources, highlighted the importance of the long-standing partnership with Eni, noting that the agreement strengthens the company's presence in the Port Said region.

## EXPLORATION

## ARCIUS Energy, bp Start Offshore Gas Drilling in Mediterranean

ARCIUS Energy and British Petroleum (bp) are set to begin offshore gas drilling operations in the Mediterranean Sea, following the arrival of the drillship Valaris DS-12 in Egypt to support the development of new exploration wells.



The vessel is scheduled to begin operations with one production well and one exploratory well for bp. This is to be followed by the drilling of two exploratory wells-Atoll West and Nofret- for ARCIUS Energy, a joint venture (JV) between ADNOC Group and bp, according to a statement by the Ministry of Petroleum and Mineral Resources (MoPMR) on March 23.

The move comes as part of MoPMR's broader strategy to drill more than 100 exploratory oil and gas wells in 2026, in cooperation with international investment partners. ARCIUS and bp have committed to invest \$3.7 and \$8 billion, respectively, over the next five years.

## TAG Oil Outlines 2026 Western Desert Drilling

Tag Oil, a Canadian-based international oil and gas exploration company, is preparing to drill a T-200 vertical well in the Badr Oil Field (BED-1) concession located in the Western Desert in 2026, according to its first quarter (Q1) of 2026 operational update release.

During Q1 of 2026, the company maintained production from the BED-1 concession to an average of about 65 barrels of oil per day (bbl/d). The concession houses multiple oil and gas fields and has recently become a focal point for massive production recovery. In January, the Western Desert Operating Petroleum Company (WEPCO), the Egyptian joint partner with TAG Oil, announced an increase in total crude oil output at the Badr-1 field to over 7,500 bbl/d, representing a more than tenfold increase from the 800 bbl/d recorded when the company first assumed management of the site.

## PRODUCTION

## ENPPI, PMS Sign Offshore Work Contract for Harmattan Gas Field

The state-owned Engineering for Petroleum and Process Industries (ENPPI) has signed a contract with the Petroleum Marine Services (PMS) for offshore works and installations for the Harmattan gas field.

While ENPPI is the operator of the field, PMS, will undertake the execution of the works. PMS is a leading Egyptian offshore construction and services company that operates a fleet of 20 vessels, serving major clients across the Mediterranean Sea, the Red Sea, and the Gulf of Suez.

This agreement comes within the framework of plans to accelerate the development of the Harmattan natural gas field in the Mediterranean Sea. The Harmattan gas field development project aims to produce 150 million cubic feet per day (mmcf/d) of natural gas, in addition to 3,300 barrels per day (bbl/d) of condensate.

Ongoing studies explore increasing production rates to 200 mmcf/d of gas and 4,400 bbl/d of condensates.

## New Technique Saves \$500,000 in Bapetco's BED 16-33 Drilling

Badr Eldin Petroleum Company (Bapetco), a joint venture (JV) between Cheiron and the Egyptian General Petroleum Corporation (EGPC), have implemented an updated drilling system and well design in BED 16-33 well in Western Desert, reducing costs by nearly \$500,000 and drilling time by about 10 days, according to a statement by the Ministry of Petroleum and Mineral Resources (MoPMR).

In cooperation with EGPC, this achievement was driven by implementing an integrated engineering strategy aimed at enhancing operational efficiency, increasing penetration rates through utilizing advanced drill bits, alongside deploying real-time monitoring techniques and advanced data analysis.

## INVESTMENT

## Dragon Oil to Invest \$3 Bn in Egypt

UAE Dragon Oil is planning to invest \$3 billion in the coming years in Egypt, according to the company's CEO Abdulkarim Almaazmi. Speaking in the latest edition of Petrocast, the Ministry of Petroleum and Mineral Resources (MoPMR) podcast, Al



Maazmi pointed out that the company's recent investments in Egypt include a new well discovery in the North Safa field as well as the East Crystal well discovery at the end of 2025. These milestones, he said, underscore the potential for further investment in the region's oil and gas sector.

In the third quarter (Q3) of 2026, Dragon Oil intends to drill an exploration well in East El-Hamd area. "We entered a bid round on the East El-Hamd, and we won. We have now started the first phase, which is the exploration phase," said Al Maazmi.



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## OPEC+

## UAE Exits OPEC

The United Arab Emirates (UAE) announced it will withdraw from both the Organization of the Petroleum Exporting Countries (OPEC) and OPEC+, the coalition of OPEC members and allied producers, effective May 1.



The exit of the UAE—one of the group's largest producers—weakens OPEC's grip on global oil supplies and underscores a widening rift with neighboring Saudi Arabia, the de facto leader of the organization, according to Reuters.

A long standing OPEC member, the UAE said the move followed a reassessment of its energy policies. "This is a policy decision, made after a careful look at current and future production levels," Emirati Energy Minister Suhail Mohamed al Mazrouei told the news agency.

The announcement came after sharp criticism from UAE officials over what they described as weak regional responses to Iranian attacks during the war.

Following its exit, the UAE pledged to act responsibly, adding production to the market gradually and in line with demand and market conditions, according to Emirates News Agency (WAM).

## IEA

## IEA to Draw 400 mmbbl from Reserves to Stabilize Oil Markets

The International Energy Agency (IEA) said more than 400 million barrels (mmbbl) of oil from emergency reserves will soon enter global markets as part of a coordinated effort to ease a surge in crude prices following the outbreak of the Iran war.

The agency said oil stocks held by countries in Asia and Oceania will be made available immediately, while supplies from Europe and the Americas are expected to reach the market by the end of March.

According to the IEA, governments have pledged to release 271.7 mmbbl from state-controlled reserves, alongside 116.6 mmbbl from industry-held compulsory stocks and another 23.6 mmbbl from other sources.

State-controlled reserves are oil stocks owned and stored by governments as part of their strategic emergency reserves. Countries release them during supply crises or price spikes.

## INDIA

## India to Receive First Iranian Oil in Seven Years

India is set to receive its first shipment of Iranian oil in seven years, following the temporary lifting of US sanctions on Iranian crude and refined products to ease global supply pressures, according to Reuters.

India had not imported crude oil from Iran since May 2019, after the expiration of US sanctions waivers that had allowed major buyers—including India—to continue limited purchases of Iranian oil despite restrictions. Once those waivers ended, imports stopped under pressure linked to sanctions. The resumption of Iranian oil imports comes amid ongoing Middle East tensions that have disrupted supplies, particularly those transiting the Strait of Hormuz, prompting New Delhi to adjust its sourcing strategy to safeguard energy security.

Another tanker, Jordan, has also indicated India as its discharge point, marking a significant step in the country's resumption of Iranian oil imports after a long hiatus.

## LIBYA

## Eni Expands Libya Portfolio with Two Offshore Gas Discoveries

Eni has announced two new natural gas discoveries offshore Libya following a recent exploration campaign, reinforcing its position as a leading international operator in the country.



The discoveries were made in two adjacent structures, Bahr Essalam South 2 (BESS 2) and Bahr Essalam South 3 (BESS 3). The sites are located about 85 kilometers (km) off the Libyan coast in waters approximately 650 feet deep, and 16 km south of the Bahr Essalam gas field.

According to the company, both wells encountered gas-bearing intervals within the Metlaoui Formation, the area's main reservoir. Initial data indicate

the presence of high-quality reservoirs, with productive capacity confirmed through testing of the first well.

Preliminary estimates suggest that the two structures together contain more than 1 trillion cubic feet (tcf) of gas in place.

## UK

## bp Forecasts Stable Upstream Volumes, Higher Earnings in Q1 2026



bp expects its Q1 2026 upstream production to remain broadly stable at 2.344 mmbbl/d, mirroring the output levels seen in Q4 2025. While gas and low-carbon energy volumes are projected to edge slightly higher, oil production may see a marginal decline due to the impact of price fluctuations on entitlement volumes.

The oil production and operations segment is anticipated to contribute an additional \$0.1–0.2 billion to earnings, bolstered by pricing lags in key regions such as the Gulf of Mexico and the UAE. These gains are expected despite a projected \$0.1 billion rise in operating costs, while depreciation, depletion, and amortization charges should hold steady at approximately \$2.0 billion.

Within the customers and products division, seasonally lower volumes and softer retail margins are likely to be offset by a robust midstream performance. Refining margins are on track to improve, adding \$0.1–0.2 billion to the bottom line as refinery turnaround activity subsides. Most notably, oil trading results are forecasted to be exceptional, marking a significant rebound from the subdued performance recorded in the final quarter of 2025.

## SHELL

## Shell Q4 2025 Upstream Rises to 1.89 mmbbl/d



Shell saw an increase in its upstream production to reach 1.89 million barrels of oil equivalent per day (mmbbl/d) in the fourth quarter (Q4) 2025, compared to the 1.859 mmbbl/d reported during the same period in 2024. However, this figure is forecast to soften in the first quarter (Q1) of 2026, with guidance set between 1.76–1.86 mmbbl/d. This anticipated decline is primarily attributed to the structural incorporation of the Aradura joint venture (JV), a strategic partnership with a local operator in Nigeria.

Integrated gas production climbed to 948,000 barrels of oil equivalent per day (boe/d) in Q4 2025, up from 905,000 boe/d in Q4 2024. Looking ahead to Q1 2026, output in this segment is expected to settle between 880,000–920,000 boe/d, reflecting supply disruptions in Qatari volumes linked to ongoing Middle East instability.

In the liquefied natural gas (LNG) segment, Shell delivered 7.8 million tons (mmt) in Q4 2025. Q1 2026 volumes are projected to range from 7.6–8 mmt, as the production ramp-up at LNG Canada is tempered by weather-related constraints in Australia and scheduled or geopolitical outages affecting Qatar LNG.

## KUWAIT

## Kuwait Announces Force Majeure on Oil Exports

Kuwait has moved to protect its contractual obligations after disruptions to tanker traffic in the Strait of Hormuz forced it to suspend part of its oil export commitments, Reuters reported, citing Bloomberg News.

Kuwait Petroleum Corporation (KPC), a state-owned oil company, notified clients that it is activating a force majeure clause following difficulties faced by some vessels attempting to access the Persian Gulf. The notice, sent on Friday, allows the state oil company to temporarily withhold agreed shipments under exceptional circumstances, according to the report.

The development follows a blockade in the strategic waterway, which has constrained maritime access and complicated export logistics for Gulf producers. The Strait of Hormuz is a vital artery for global energy flows, carrying a substantial share of internationally traded crude.



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# Momentum Reset: Navigating Egypt's Upstream Pivot



By Mariam Ahmed & Nermeen Kamal

Egypt's oil and gas sector is entering a pivotal phase, marked by a clearer alignment between policy reform, financial discipline, and investment flows. While global volatility and fiscal pressures remain, early signs of recovery are emerging, supported by efforts to restore investor sentiment.

At the core of this shift is a more structured approach to managing relationships with international oil companies (IOCs), particularly through the gradual clearance of arrears and the introduction of more flexible and competitive investment frameworks.

Simultaneously, Egypt is advancing a broader strategic vision that positions the hydrocarbons sector as both a domestic energy security driver and a pillar of its regional energy hub ambitions.

This dual objective is reflected in a growing pipeline of bid rounds, expanding foreign investment participation, and an increasingly ambitious drilling program aimed at boosting production over the medium term.

Against this backdrop, this report examines the evolving state of partner confidence in Egypt's oil and gas sector since July 2024 and assesses the key financial, operational, and strategic drivers responsible for shaping investment decisions.

It further explores how recent policy actions and market dynamics are converging to redefine Egypt's role in regional energy flows and its long-term production outlook.

## Investment Landscape Snapshot

### Petroleum Incentives Landscape

In May 2025, Egypt introduced the R-Factor (Profitability Factor), a more flexible, investor-oriented production-sharing mechanism. The R-Factor uses a dynamic model that adjusts the state's share according to project returns. It allows IOCs to recover costs and retain higher revenues during early, high-risk stages, while gradually increasing the government's share as projects become more profitable, according to the Egyptian Cabinet.

The R-Factor aims to attract investments in underexplored and high-risk areas, including deepwater Mediterranean and Red Sea blocks. Complementing this, Egypt has strengthened its investment climate by settling arrears to foreign partners, amending concession agreements, extending their durations, and offering near-field exploration opportunities to reduce costs and enhance viability, according to the Ministry of Petroleum and Mineral Resources (MoPMR).

### Exploration Revival via Bid Rounds

Egypt stepped up its efforts to revive upstream activities by rolling out a series of international bid rounds to bring fresh capital back into exploration.

There were two competitive licensing rounds in fiscal year (FY) 2024/25. The first, launched by the Egyptian Natural Gas Holding Company (EGAS) in August 2024, offered 12 exploration blocks across the Mediterranean and onshore Nile Delta and resulted in awarding six blocks, securing total investments of \$245 million.

At the same time, the South Valley Egyptian Petroleum Holding Company (Ganope) signed a new concession agreement with LUKOIL in the Eastern Desert (South Wadi Al-Sahel), which includes a 200 km<sup>2</sup> 3D seismic survey followed by drilling six wells.

It is worth noting that upstream licensing rounds in 2024 and 2025 secured major commitments, with total investments from IOCs and JVs reaching \$6.5 billion, according to the MoPMR.

This was followed by a second cluster round in March 2025 by the MoPMR, which introduced 13 additional areas spanning undeveloped Mediterranean fields, offshore Gulf of Suez blocks, and Western Desert prospects. Both rounds signaled renewed confidence among E&P players.

Building on this activity, MoPMR also launched the Red Sea bid round in November 2025 through Ganope, offering four blocks in a relatively underexplored but high-potential basin, with bidding open until May 2026.

Beyond these rounds, the government's efforts to speed up investments extended to direct concession awards and new frontier offerings.

### Offered Blocks in the Last Three Bid Rounds\*

In June 2025, the Egyptian General Petroleum Corporation (EGPC) awarded seven concessions to a group of operators, including Chevron, Apache, Pharos Energy, IPR Energy Group, and the NPC-GHP consortium, with a combined commitment to drill at least 17 wells.

 29

\*Including Red Sea Bid Round

### EGPC & EGAS Awarded Blocks in FY 2024/25



Alongside bid rounds, Egypt is expanding the Open Blocks Licensing Program (OBLP) as a more flexible, on-demand mechanism for upstream investment. By offering blocks on a rolling basis, the program reduces entry timelines, sustains exploration activity, and broadens access to a wider range of investors, according to Egypt Upstream Gateway (EUG).

### Latest Offered Blocks through OBLP

Block	Open Date	Close Date
South Fayoum	April 2026	-
North Shadwan 1,2 & 3		May 2026

### Turning Arrears into Growth

The sector has initiated a plan to fully settle outstanding dues to international oil and gas partners by June 2026 to restore fiscal credibility and strengthen investor appetite in the upstream sector. The commitment to maintain monthly payments while clearing arrears signals a shift toward sustaining exploration and production activity.

Outstanding arrears have declined significantly from about \$6.1 billion in June 2024 to around \$1.3 billion as of March, with an additional \$714 million in arrears recorded in April 2026.

This reduction has helped ease one of the main constraints on upstream investment in recent years: delayed cost recovery for international operators.

As a result, major international companies are expanding commitments in Egypt's upstream sector as manifested by increased exploration activities, particularly in key basins such as the Mediterranean and Western Desert.

### Dues Settlement Performance (\$ billion)



### Upstream Capital Commitments

#### FDI Flow Trends

Foreign Direct Investments (FDI) in the oil and gas sector moved from net inflow to net outflow in the first half (H1) of FY 2025/26, primarily reflecting arrears payments and cost recovery payments to foreign partners for prior exploration, development, and operational expenditures, which increased to \$3.1 billion, up from \$2.7 billion. This shift reflects a transitional phase driven by arrears repayment rather than a decline in underlying investment appetite.

In contrast, inflows, which capture new greenfield investments by foreign companies, remained broadly stable at \$2.9 billion, indicating a relative plateau in fresh capital commitments despite rising reimbursement obligations, according to the Central Bank of Egypt (CBE).

### Petroleum Sector FDI Highlights

FY	Inflows (\$ billion)	Outflows (\$ billion)	Net Flows (\$ million)
H1 2024/25	2.896*	2.7	196.9 Inflows
H1 2025/26	2.9	3.1	159.5 Outflows

\*Calculated

### Concluded Agreements

The MoPMR concluded 25 new agreements with IOCs, securing \$69.5 million in non-refundable signature bonuses and minimum committed investments totaling \$1.225 billion. Out of these, 15 agreements have been formally signed, while 10 have been ratified and are pending final execution, according to the MoPMR.

### Major Signed Agreements

Announcement Date	Partners	Objective	Targeted Wells	Investments (\$ million)
April 2026	EGAS ARCIUS	Developing the Harmattan gas field	-	~500
December 2025	EGPC CHEIRON	Exploring the East Gemsa offshore area of the Gulf of Suez	4	+30

📅 Announcement Date	🤝 Partners	🎯 Objective	🏠 Targeted Wells	💰 Investments (\$ million)
September 2025		Exploring the Western Desert, the Gulf of Suez, and North Sinai	20	121
August 2025		Exploring Mernieth (offshore), East Port Said, North Damietta & North Khatatba	10	340

**Major Stakeholder Commitments**

Egypt's upstream sector is entering a phase of deep, long-term investment commitment, underpinned by secured pledges totaling approximately \$20 billion by 2030 from key IOCs, led by Eni, bp, Dragon Oil, and Arcius Energy. These commitments signal not only a recovery from recent production declines but a structural shift toward sustained capital deployment, according to the MoPMR.

**IOCs Upstream Investment Plans in Egypt**

🏢 Company				
⏳ Duration	2026-2030			-
💰 Investments (\$ billion)	5	8	3.7	3

SLB, in partnership with Viridien, is spearheading a \$117 million seismic initiative in the Eastern Mediterranean aimed at unlocking new gas resources and attracting international investment. The project involves a large-scale seismic survey covering 95,000 km<sup>2</sup>, to be executed over three phases within seven years. The first phase is scheduled to begin in 2026 and is expected to provide critical subsurface data to de-risk exploration and support future upstream activities in the region, according to the MoPMR.

Capricorn Energy is advancing its investment strategy in Egypt's Western Desert, committing a minimum of \$100 million to support production growth and reserves expansion, through 26 development wells and 11 exploration wells, in addition to upgrades to Badr El Din's BED-3 facilities, as highlighted in an interview with Randy Neely, CEO of Capricorn Energy in EGPES 2026.

Apache Corporation is advancing its recently expanded development plan in Egypt's Western Desert, increasing its acreage by around two million acres—over 35% growth—to unlock new exploration and development opportunities.

Much of this expansion is located near existing infrastructure, enabling cost-efficient tie-ins and accelerated production, underscored by the company's investment of more than \$5 billion in Egypt since 2021, according to an interview with Greg McDaniel, SVP, International Assets of Apache Corporation.

Dragon Oil plans to boost its exploration and production activities in the Gulf of Suez through signed agreements with EGPC in September 2025, with investments of approximately \$30 million, including a program to drill at least two new wells within the East El-Hamd area, according to the MoPMR.

United Energy Egypt (UEE) commits to upcoming licensing rounds and tech-driven production expansion. Cheiron focuses on maximizing mature field returns and near-field exploration. IPR pledges a robust four-year investment for Western Desert drilling and digital transformation. Concurrently, Shell and Chevron advance the Aphrodite field integration, with Shell injecting further capital. Collectively, these IOCs solidify their commitment to Egypt through targeted investments, innovation, and regional infrastructure development.

**Kay Concession Extensions in FY 2025/26**

	📍 Concessions/ Location	⏳ Duration	
	Gulf of Suez and Nile Delta	Until 2040	
	North Port Said	-	
	Temsah	Until 2045	
	Gulf of Suez	Until 2045	

Recent concession extensions reflect a broader strategic approach to strengthening upstream sustainability and reinforcing long-term investor engagement in Egypt's oil and gas sector. By prioritizing asset continuity and operational flexibility, these measures support production stability while enabling operators to implement advanced recovery techniques and optimize resource utilization, ultimately contributing to a more resilient and investment-attractive upstream environment.

## Upstream Expansion: The 2026–2030 Drilling Campaign

### Egypt's Strategic Roadmap

Egypt is positioning 2026 as a turning point for its upstream sector, shifting from stabilization toward a more expansion-driven phase. Egypt plans to drill nearly 500 wells between 2026 and 2030, including more than 100 wells in 2026 alone. The scale of this program reflects a clear priority on accelerating reserve replacement and supporting a recovery in production levels, according to the MoPMR.

Measures include more flexible contractual models, targeted investment incentives, and an expanded pipeline of exploration opportunities, as well as intensified seismic survey activities. Together, these efforts are designed to attract capital into both mature and underexplored areas, while enhancing the overall efficiency of upstream operations.

At the same time, the upstream push is closely tied to Egypt's energy security objectives. Increasing domestic production remains central to reducing reliance on imports, particularly during peak demand periods. Continued investments in gas infrastructure complement this to ensure supply stability as new production is gradually brought online.

### Upstream Growth Roadmap (2026–2030)



Planned Wells  
**480–500**



Total Investments  
**\$5.7 billion**

### 2026 Drilling Plan Highlights

Region	Western Desert	Mediterranean Sea	Gulf of Suez	Nile Delta	Total Planned Wells
No. of Wells	67	14	9	6	~100

### IOCs Production Plans

The improved investment climate is beginning to translate into concrete commitments from IOCs. The main goal is to fast-track discoveries while maximizing output from mature fields through enhanced recovery techniques and accelerated development cycles.

While the state sets clear production targets, reaching around 6 billion cubic feet per day (bcf/d) of natural gas and 1 million barrels per day (mmbbl/d) of oil by 2030, IOCs are positioning their capital resources to capture this upside.

The alignment between government targets and IOC strategies suggests a more synchronized upstream ecosystem.

If execution remains on track, this convergence could mark the beginning of a sustained production growth cycle, according to the MoPMR.

## Hydrocarbon Trade Performance

While Egypt maintains its long-term vision of becoming a leading regional energy exporter, the decline in domestic production over the past two years has prompted a necessary shift in its short-term strategy. Amid regional geopolitical tensions and pressure on the trade balance, priority shifted toward strengthening domestic energy security. As a result, imports rose by 20.8% in H1 of FY 2025/26, while exports increased by 10.3% year-on-year (YoY), according to the CBE.

### Oil & Gas Trade Flows (\$ billion)

	Exports	Imports
H1 2024/25	2.9	9.7
H1 2025/26	2.6	11.6

Between mid-2024 and 2026, Egypt's liquefied natural gas (LNG) exports remained limited and intermittent as the country prioritized domestic power needs over international shipments.

Companies such as Shell and TotalEnergies led the marketing, chartering, and execution of LNG cargoes through Egypt's Idku terminal, leveraging their global trading networks to place volumes in international markets.

### IOC Engagement in LNG Trade

Date	Oct 2025			Dec 2025	Jan 2026	
Destination						
Operator						
Volume (m <sup>3</sup> )	150,000	155,000	150,000	150,000	150,000	150,000

Egypt's oil and gas sector is shifting from stabilization toward a growth-oriented cycle, supported by aligned fiscal reforms, improved payment discipline, and renewed IOC confidence. The sharp reduction in arrears—down by nearly four-fifths as of March—alongside a return to net FDI outflows driven by arrears repayments reflects the sector's attempt to improve investment dynamics. Concurrent bid round momentum and multi-year investment commitments enhance medium-term visibility. While the trade balance remains constrained, with imports exceeding exports by more than threefold, an aggressive drilling pipeline and greater contractual flexibility position the sector for gradual production recovery, strengthening Egypt's pathway toward energy security and regional market re-engagement.

FROM CAIRO TO EMEA:

# AVEVA CHAMPIONS 'INDUSTRIAL INTELLIGENCE AS A SERVICE'

AVEVA

**A**VEVA has recently solidified its commitment to the Egyptian market by establishing a strategic regional hub in Cairo. Currently employing 35 professionals, the Cairo office supports operations across both Africa and the broader Europe, Middle East, and Africa (EMEA) region. Founded in 1967 in Cambridge, England, AVEVA is a global leader in industrial software and digital transformation. Since 2023, the company has been fully owned by Schneider Electric, the French multinational energy and automation leader, creating a powerful synergy between industrial software and energy management expertise.

In this interview, Khaled Salah, Vice President of Africa at AVEVA, discusses the critical role of digital transformation in balancing Africa's industrial growth with the global energy transition. Salah brings extensive experience from his leadership roles at Schneider Electric, where he was inspired by a culture of hard work and global opportunity.

The conversation explores how technologies like digital twins, AI, and AVEVA's CONNECT platform are being deployed to enhance asset efficiency and national energy security. Salah also highlights the company's focus on nurturing young Egyptian talent through university partnerships, and its strategic shift toward "Industrial Intelligence as a Service" to attract international investment.

**What were the primary drivers behind the establishment of AVEVA's new Cairo office, and how does this expansion reinforce Egypt's role within your broader regional growth strategy?**

Last year, AVEVA made the strategic decision to separate the Middle East and Africa into two distinct markets, a move designed to more effectively tap into the continent's vast industrial potential. We view Egypt as a critical strategic hub, bolstered by the country's ability to attract significant investment and a high level of digital maturity—most notably within the Ministry of Petroleum and Mineral Resources. Furthermore, the country's strong talent readiness makes it an ideal base for our operations.

Currently, our Cairo office is home to 35 employees; half of this team is dedicated to driving African growth, while the remainder supports the broader Europe, Middle East, and Africa (EMEA) region. We have set an ambitious target to double our headcount to 70 over the next two years, reflecting our confidence in the local market. For AVEVA, Egypt is more than just a gateway to Africa; it has evolved into a vital hub for the entire EMEA region.

“Digital transformation is no longer a luxury, it is a matter of national security. Our solutions are designed to move beyond “fancy dashboards” to deliver real world impact on the prices we pay for energy.”

**AVEVA is known as a global leader in industrial software. How do your solutions specifically address the needs of Egypt's energy, manufacturing, and infrastructure sectors?**

AVEVA provides “Industrial Intelligence as a Service.” We bring operational and engineering data into a single trusted platform, putting it into context to create a digital twin. Once you have a digital twin, you can apply AI and predictive analytics.

A prime example is our work with the MoPMR, where we implemented a panoramic command center that provides visibility across the entire value chain: upstream, refinery, and downstream.

In today's turbulent geopolitical climate, this visibility enables optimized processes, better demand forecasting, and improved sourcing for crude oil and natural gas. This is not just a commercial use case; it is a matter of national security to ensure secure and affordable energy.

**Can you explain how AVEVA's CONNECT platform and digital twin technologies are transforming operations for clients in Egypt?**

A digital twin is a digital representation of a physical asset, allowing us to simulate “what-if” scenarios without interrupting actual production. CONNECT platform is the digital experience that enables this. It is a secure, cloud based industrial intelligence platform that unifies operational and engineering data to give management visibility on previous performance and real-time failures. It allows the system to trigger actions for maintenance



or procurement teams immediately. It is a comprehensive industrial platform that provides access to our entire portfolio.

**AVEVA has announced several global partnerships in AI and data intelligence. How are these collaborations being applied within Egypt's industrial landscape?**

Through our strategic partnership with NVIDIA and Schneider Electric, we have developed a specialized reference architecture for AI Factories and high-efficiency data centers. This represents a paradigm shift; we no longer view data centers as standalone assets, but as integrated components of an ecosystem that includes the national power grid.

In Egypt, this technology is being applied to create a virtuous cycle of efficiency. By providing live visibility and industrial intelligence, we help end-users reduce energy consumption by 10%–20%. This saved energy is then redirected to power the AI Factory infrastructure. The AI, in turn, processes operational data to further optimize asset performance and predictive maintenance. We are already collaborating with Egyptian industrial leaders to implement this architecture, ensuring they can “do more with less” while maintaining the stability of the local grid.



**In Egypt, where efficiency and production are top priorities, how does AVEVA help lower costs and attract investment from International Oil Companies (IOCs)?**

This is a critical point because every CEO I have spoken with recently is focused on one thing: optimizing energy and lowering the energy bill. They are not asking for AI or digital twins as a luxury; they are asking for solutions that impact the national economy. As noted during recent industry discussions, digital transformation is no longer a luxury, it is a matter of national security. Our solutions are designed to move beyond “fancy dashboards” to deliver real world impact on the prices we pay for energy.

By investing in predictive analytics, companies can avoid future failures and costly downtime. For IOCs, this shift from capital expenditure (CAPEX) to smart operational investment is highly attractive. It demonstrates a commitment to high margin, low cost production, which is exactly what encourages international partners to increase their investment in the Egyptian market.

We can also redirect part of this saved energy to empower AI, which in turn enhances asset efficiency. Depending on the sector, our solutions can improve productivity by up to 60%.

**As you lead AVEVA's operations in Africa, how can industries address the continent's surging energy demand while remaining globally competitive and committed to decarbonization?**

The primary challenge for Africa -and the world- is the massive surge in energy demand. Over the next 20 years, we must provide energy to an additional 5 billion

people. Currently, 1 billion people lack energy access entirely, and 2 billion have insufficient access. Meeting these needs without exacerbating carbon emissions requires us to focus on the demand side of the energy equation.

Today, many factories operate with underutilized assets that waste significant amounts of energy. At AVEVA, we help customers achieve energy savings of 10–20%. By improving asset efficiency, this saved energy can be redirected to empower innovation and AI, while ensuring secure, resilient, and affordable energy for the population. Efficiency is the key to the continent's competitiveness.

How do you see Egypt's role evolving as a hub for digital transformation in Africa's energy sector?

It comes down to two things: talent and technology. I am impressed by the young talent in Egypt. To support them, we are planning partnerships with both public and private universities to embed AVEVA solutions into their curricula. This ensures students graduate with hands-on experience, making them ready to join AVEVA, work for our clients, or act as global ambassadors for our technology.

On the technology side, we are heavily investing in Egypt's electro-intensive sectors: oil and natural gas, mining, and power.

**Being a young leader yourself, how does AVEVA view age in career development and leadership, given the region's youth bulge??**

I do not believe age is a barrier; I believe in commitment and experience. My own career

was enabled by a healthy environment at Schneider Electric, where I was inspired by leaders who worked hard and were given global opportunities regardless of age.

I apply that same philosophy at AVEVA. When I interview potential talent, I focus entirely on whether they are right for the position. I often don't even know the exact age of my team members, whether someone is 18 or 50 is irrelevant. What matters is commitment. If a person is dedicated, I will do everything in my power to develop them into a “star” within the organization.

While the new generation faces a shortage of some specialized skills, those who show dedication will find that at AVEVA, age is just a number

**What are AVEVA's expansion plans for the coming year?**

In Egypt, we will double our personnel to reach 70 employees over the next two years. We are also evaluating growth in Morocco and Algeria, where Schneider Electric currently acts as our distributor. I recently attended GITEX Africa, the continent's largest technology and startup event, in Morocco to further evaluate these markets.

💡 **By providing live visibility and industrial intelligence, we help end-users reduce energy consumption by 10%–20%. This saved energy is then redirected to power the AI Factory infrastructure** 💡

# COLLABORATION AND REALISM IN A VOLATILE ENERGY ERA

The 9<sup>th</sup> edition of the Egypt Energy Show (EGYPES 2026), held in Cairo from March 30 to April 1, unfolded at a defining moment for the global energy landscape. With the Strait of Hormuz disrupted and regional energy infrastructure under strain, markets were already reacting to supply shocks and surging prices, creating an atmosphere where urgency replaced routine dialogue. Against this backdrop, EGYPTES 2026 became a critical platform not just for exchange, but for strategic alignment in the face of mounting uncertainty.



Anchored by the theme "Transforming Energy Through Collaboration, Action and Realism," the conference reflected a decisive shift in how the industry approaches its most pressing challenges. The prevailing narrative moved beyond conventional transition pathways toward a more grounded and immediate framework, one that recognizes the constraints of a fragmented and volatile world. Discussions throughout the event highlighted the growing consensus that energy systems must evolve through expansion rather than substitution, integrating diverse sources to meet rising demand while safeguarding stability.

This shift toward what many termed "energy addition" was one of the defining features of EGYPTES 2026. This approach aims to address projected demand growth, particularly across Africa and the Mediterranean, while maintaining momentum toward long term sustainability goals.



Three interconnected priorities shaped the discussions. Energy security emerged as an immediate and enduring concern, underscored by warnings of severe price volatility if supply routes and infrastructure remain vulnerable. Alongside this, the concept of energy addition reframed the pathway forward, emphasizing the need for inclusive growth in energy supply to support development and resilience. The third pillar, sustaining low cost supply, reflected the mounting pressure on economies, particularly in developing regions, to access reliable and affordable energy as a foundation for stability.

The event bridges acted as bridge for the gap between the high-level diplomatic warnings of heads of state and the technical breakthroughs shared by industry CEOs. By merging regional cooperation frameworks, such as the landmark Egypt-Cyprus agreement, with localized industrial strategies and the rapid integration of Artificial Intelligence, EGYPTES 2026 has provided a credible, realistic roadmap for an industry navigating a volatile decade.

## Energy Security in a Volatile World

In an era defined by intensifying geopolitical volatility and increasingly fragile global supply chains, the development of integrated and resilient energy systems has transitioned from

a technical goal to a cornerstone of national security. The EGYPTES 2026 served as a critical platform for this urgent dialogue, emphasizing that the "new normal" for the energy industry requires a trifecta of collaboration, diversification, and immediate, decisive action to ensure stability in an unpredictable global landscape.

The urgency of this mission was underscored during the opening ceremony by President Abdel Fattah El-Sisi, who issued a stark warning regarding the physical and economic vulnerability of the global energy grid. The President linked regional stability directly to the global wallet, stating: "I am afraid that the attacks on energy plants, whether it is production or the existing grid, will have a very serious impact on the global economy and on the prices of fuel, which may be more than \$200 per barrel."

This warning provided the essential context for the subsequent strategic sessions. In the context of the ongoing regional conflict, energy infrastructure has become a primary target. Consequently, "resilience" cannot just be a corporate buzzword; it must be a physical and financial reality. This high-stakes reality bridges the gap between high-level policy and the ground-level priorities outlined by energy



**I am afraid that the attacks on energy plants, whether it is production or the existing grid, will have a very serious impact on the global economy and on the prices of fuel, which may be more than \$200 per barrel.**



HIS EXCELLENCY

**Abdel Fattah El Sisi**

President of the Arab Republic of Egypt

ministers. Reinforcing this, Egypt's Minister of Petroleum and Mineral Resources, Karim Badawi, explained that for a nation of over 100 million people, energy security requires a "full ecosystem" approach. He noted that geopolitical pressures are currently reshaping energy flows across the Mediterranean, requiring Egypt to double down on local production, expand refining and petrochemical capacity, and aggressively cut reliance on imports. "It's about creating an infrastructure that ensures energy flows where it's needed most," Badawi added, framing partnerships as the ultimate tool for navigating geopolitical uncertainty.

Khaled Abu Bakr, TAQA Arabia Chairman and Vice President of the International Gas Union (IGU), sharpened the point, arguing that the sector is navigating a security driven crisis that has made energy logistics both difficult and costly, rather than a deficit in actual supply. "Gas remains a critical energy source with the technology to move globally. What we face today is a security crisis, not an energy one—yet its repercussions cut deep across the sector and the entire value chain." He added.

From a regional perspective, the dialogue shifted toward the practical hurdles of Mediterranean cooperation. Houda Ben Jannet Allal, General Director of the Mediterranean Observatory for Energy and Climate (OMEC), a key regional organization tasked with fostering cooperation between energy stakeholders, highlighted a persistent gap between political ambition and actual implementation. While there is a strong consensus on the need for regional unity, Allal noted that the market is still waiting for tangible progress. "What we are missing is implementation. What we need now is to move from these MOUs into concrete, bankable projects," she stated. She clarified that the global investment community is not short on capital; rather, it is short on structured, "de-risked," and finance-ready opportunities. In her view, the true metric of cooperation is the condition of implementation, not the initial intention.

Cyprus provided a unique case study in energy resilience. As an island nation, Cyprus faces "unique constraints" because it is an "energy island"—it is not currently connected to the mainland European or Middle Eastern power grids. This geographical isolation means that any disruption in fuel supply or grid stability could be catastrophic. Michael Damianos, the Cypriot Minister of Energy, Commerce, and Industry, explained that Cyprus is navigating this by prioritizing a mix of renewables—predominantly solar—balanced with natural gas integration. By expanding storage and advancing subsea interconnection projects, Cyprus aims to end its isolation and secure a stable, diversified energy future. A major milestone in this effort was the signing of a Framework Agreement between Egypt and Cyprus at EGYPTES, which establishes the commercial principles for selling Cypriot hydrocarbons to Egypt, effectively paving the way for the commercialization of Cyprus's offshore resources.

At the European level, the 2022 energy crisis remains the primary teacher, now exacerbated by the current regional volatility. Ditte Juul Jørgensen, Director General for Energy at the European Commission, reflected on how a high degree of dependence on a single supplier proved to be a significant risk to both EU security and its economy. The East Mediterranean has since emerged as a critical partner in the EU's diversification strategy, providing a new corridor for LNG and piped gas that reduces the risk of future supply shocks.

Industry leaders emphasized that navigating these crises requires a total reassessment of long-term strategy. Abdulkarim Almaazmi, CEO of Dragon Oil, urged the sector to revisit business continuity plans, while Maurizio Coratella CEO of McDermott International pointed to the sheer scale of the opportunity. With Europe consuming 320 billion Cubic meters (bcm) of gas per year, the unlocked resources of the Eastern Mediterranean represent the most logical solution to the continent's energy deficit. Ultimately, the



**Gas remains a critical energy source with the technology to move globally. What we face today is a security crisis, not an energy one—yet its repercussions cut deep across the sector and the entire value chain.**

**Khaled Abu Bakr**

Chairman of TAQA Arabia  
Vice President of the International Gas Union (IGU)

Technical Conference, which showcased the engineering breakthroughs—from autonomous operations to smart exploration—that make these high-level goals possible. Together, these perspectives reinforced a singular, clear message: energy security in a volatile world depends on the ability to turn high-level ambition into rapid, cost-effective, and collaborative action.

### The Realistic Path of Energy Addition

The discussions at EGYPTES 2026 provided a sobering look at the realities of global energy demand, investment, and the strategic pathways toward a resilient energy future. A singular, recurring theme resonated throughout the sessions: the world does not simply need a different kind of energy; it needs more energy, derived from more sources, delivered with higher levels of responsibility.





**Energy leaders must secure supply, yet renewables remain intermittent. We need round the clock electricity, so our priorities are clear: integrate natural gas within two years and invest heavily in storage to fully harness solar potential.**

**Michael Damianos**

The Cypriot Minister of Energy, Commerce, and Industry

The dialogue underscored a fundamental shift in industry philosophy. The energy transition is no longer being viewed as a binary "either-or" switch from hydrocarbons to renewables. Instead, leaders advocated for an integrated process of "Energy Addition" coupled with aggressive decarbonization. This approach acknowledges that to meet the soaring global demand, the world must expand clean energy sources while simultaneously reducing the carbon footprint of existing oil and gas assets. In this framework, growth and sustainability are not competing interests—they are advancing together.

This reality is felt most acutely in specific national contexts. Michael Damianos, the Minister of Energy, Commerce, and Industry of Cyprus, highlighted the inherent vulnerabilities of his nation. "Energy leaders must secure supply, yet renewables remain intermittent. We need round the clock electricity, so our priorities are clear: integrate natural gas within two years and invest heavily in storage to fully

harness solar potential." For Cyprus, energy addition means balancing immediate reliability with longer-term flexibility through a mix of gas, storage, and regional interconnections.

Expanding the lens to a global level, Olivier Le Peuch, CEO of SLB, noted that every nation's energy choices are dictated by its unique resource wealth and sovereign policies. He distinguished between the "energy addition" path—where hydrocarbons and renewables grow in tandem—and a narrow "energy transition" path that seeks to choose one over the other. Le Peuch argued that technology is the indispensable bridge that makes these diverse energy systems efficient and resilient.

Lorenzo Simonelli, Chairman and CEO of Baker Hughes, reinforced this pragmatic outlook. "The transition is not an either-or equation; it is an 'and' reality," Simonelli noted. "Multiple energy systems will need to coexist, and the real challenge is execution. We are currently in an 'energy demand decade,' both in the developing and developed worlds. You cannot simply flip a switch from hydrocarbons to renewables; it is a gradual shift." Crucially, Simonelli pushed back on the idea of gas as a temporary bridge. "Natural gas is not just a transition fuel—it is a destination," he argued, citing its abundance, lower costs, and significantly lower emissions profile. His emphasis on execution serves as a reminder that while the vision for a green future is essential, the reality of the 2020s and 2030s is one of coexistence.

The conversation turned toward the unique challenges of the African continent, where the conversation about emissions often clashes with the reality of energy poverty. Sara Elhag, Head of the Energy Division at the African Union Commission, offered a powerful perspective on the ethics of the transition. She argued that it is unreasonable to discuss the next phase of the energy transition solely through the lens of emission reductions when 600 million people in Africa still lack basic access to electricity. For Africa, energy addition is a matter of social and economic justice.

Dele Kutti, Global Head, Energy & Infrastructure, Standard Bank Group added that achieving this addition requires a total reimagining of financial structures. He noted that scaling renewables in developing markets is as much about "financial architecture" as it is about technology. "No single institution can do this alone," Kutti explained. "It requires commercial banks, development finance institutions (DFIs), multilaterals, and insurers working together to structure risk and unlock the capital necessary for the continent's growth." Finally, Manuel Coxe, Secretary General of MARCOGAZ, the technical association of the European Gas Industry, reminded the audience that transition strategies must be grounded in local infrastructure. "What really matters is how we generate energy, transport it, distribute it, and how efficiently we use it," Coxe noted adding "This transition will not look the same everywhere."

**Sustainable Growth through Innovation and Value Addition**

In a volatile energy market, managing operational costs in oil and gas projects is critical for long-term viability. Industry leaders at EGYPE 2026 focused on resilience and technological innovation as the primary drivers to maintain profitability amidst global fluctuations and high capital expenditures (CAPEX).

Adriano Mongini, CEO for Drilling and Sonsub at Saipem-Italy's premier global oilfield services major-emphasized the importance of adaptability in delivering complex offshore projects. Speaking on behalf of the contracting



**We are currently in an 'energy demand decade,' both in the developing and developed worlds. You cannot simply flip a switch from hydrocarbons to renewables; it is a gradual shift.**

**Lorenzo Simonelli**

Chairman and CEO  
Baker Hughes



and service sector, Mongini stated: "Over the last five years, global developments have heavily impacted the contracting sector, both financially and operationally. We must become more resilient by reducing costs, investing in technology, and delivering exactly what the operator requires. Our role is to serve the operator by offering integrated solutions that reduce both costs and the time to market."

Strategic solutions can also significantly reduce CAPEX in onshore operations. A prime example is the strategy implemented by National Energy Services Reunited Corp. (NESR) at Saudi Arabia's Jafurah field. Sherif Foda, Chairman and CEO of NESR, shared his perspective on the critical role of cost competitiveness and supply chain transformation in unconventional gas fields. "The cost curve must come down; you cannot continue to increase supply chain costs as technical complexity grows," Foda explained. "We initiated a supply chain transformation to lower costs and enable customers to produce oil and gas more economically. A key example is Saudi Arabia's unconventional Jafurah field, where we challenged the stereotype that Middle Eastern unconventional fields cannot compete with the United States. Today, Jafurah is more cost-effective than the Permian Basin in the U.S., and costs have decreased by approximately 90% since initial exploration. That is how we broke down the cost curve and enabled large-scale development to happen."

Despite regional geopolitical volatility, a global consensus remains: natural gas is a cornerstone of the energy landscape. Nicolas Katcharov, CEO of Energean International, highlighted the significant imbalances governing global gas markets, noting a contrast between European markets—where high energy pricing is stifling industrial demand—and nations like Egypt, where gas is often underpriced. "We must find a balance between these two extremes

through smarter policies and increased regional cooperation," Katcharov stated.

Mohamed Shindy, Managing Director of Methanex Egypt, stressed that natural gas delivers its real economic value when used as feedstock for downstream industries. "Exporting raw gas is the least profitable option. Its true worth comes when it fuels industries that create secondary products. Localizing these value added sectors generates 2.5 to 3 times more value than direct exports." He pointed to Egypt's methanol sector as proof, with output rising from 20,000 to 200,000 tons per year over 15 years, supplying formaldehyde for the furniture and housing industries.

### Artificial Intelligence Takes the Controls

Sessions at EGPES 2026 also highlighted the transformative impact of Artificial Intelligence (AI). Ahmed Zahed, Division Manager of Digital & Innovation at SLB, illustrated a shift where AI is moving from a passive advisor into an active operator. "It's not just about providing a recommendation; these AI platforms are now capable of taking direct action. They identify bottlenecks and implement solutions immediately," Zahed explained. He cited results from the Shaya field in Ecuador, where AI-powered workflows reduced tasks that once took days down to mere minutes, while significantly improving safety via real-time monitoring.

As AI adoption accelerates, industry leaders addressed concerns regarding job displacement, stressing that AI will reshape roles into more sophisticated positions requiring collaboration across data science and engineering. Experts urged youth to build relevant skills early through internships and specialized courses. "By 2030, we aim to have 30,000 specialized AI experts qualified

by the government," said Ahmed Hefnawy, AI Governance Expert at the Egyptian Center for Responsible AI. To ensure this deployment is responsible, leaders stressed the need for robust governance frameworks, secure-by-design systems, and constant monitoring to protect sensitive industrial data. Across every session, the message was clear: energy security and sustainability in a volatile world depend on the ability to turn high-level technological ambition into rapid, cost-effective action.

EGPES 2026 drew to a close on April 1 after three days of intense dialogue on the energy trilemma—security, affordability, and sustainability. Across more than 100 high level sessions spanning the Strategic and Technical Conferences, the summit expanded its horizons with the launch of the Innovation & AI Hub and specialized Pitch Competitions, spotlighting digital breakthroughs and startups driving efficiency across the energy value chain.

The show also celebrated the sector's pioneers through the EGPES Energy Awards, honoring visionary efforts that are shaping a sustainable future. Yet the undisputed highlight was the unforgettable Gala at the breathtaking Grand Egyptian Museum, a fitting finale that underscored EGPES' stature as not only a forum for policy and technology but also a showcase of Egypt's cultural heritage.

EGPES 2026 thus concluded as more than a conference—it stood as a strategic assembly bridging innovation, recognition, and diplomacy, reinforcing Cairo's role at the heart of the global energy conversation.



# AGREEMENTS DRIVE REGIONAL GAS & HYDROGEN INTEGRATION

**B**yond the lively panel debates in the strategic and technical conferences, the insights shared at the Youth in Energy and AI Innovation hubs, and the bustling exhibition floors, the Egypt Energy Show (EGYPES) 2026 also served as a stage for a wide array of agreements. These pacts, aligned with the event's theme of "Collaboration, Action and Realism," lay the groundwork for advancing natural gas production and accelerating green hydrogen development. Together, they establish the technical and commercial infrastructure needed to fast track regional energy integration and position Egypt at the center of future growth.



## Egypt and Cyprus Deepen East Mediterranean Gas Alliance

President Abdel Fattah El-Sisi and Cypriot President Nikos Christodoulides witnessed the signing of a comprehensive framework agreement aimed at strengthening natural gas collaboration between the two countries. The deal, signed by Karim Badawi, Minister of Petroleum and Mineral Resources and Michael Damianos, the Cypriot Energy Minister, affirms a shared commitment to regional energy security.

The agreement seeks to maximize the utilization of natural gas resources in Cyprus by transporting them to Egypt's liquefaction infrastructure to be both exported to Europe and used to cover part of the local demand.

Furthermore, the agreement includes the formation of a joint committee tasked with establishing the frameworks and principles governing bilateral cooperation.



## Chevron, Egypt Fast Track Aphrodite Gas Link

The Ministry of Petroleum and Mineral Resources (MoPMR) and US-based Chevron have announced a Host Government Agreement (HGA) to accelerate the development and production of gas from Cyprus's Aphrodite field and transport it to Egyptian infrastructure and liquefaction plants.

Chevron, operator of the Aphrodite field with a 35% working interest, is leading the development alongside partners Shell and NewMed Energy. The agreement includes construction of a 280 kilometre subsea pipeline that will deliver gas directly to Egypt's national grid in Port Said.

With Cypriot discoveries estimated at around 20 trillion cubic feet (tcf), this infrastructure link is positioned as a cornerstone for regional energy integration and a reliable supply route to global markets. The deal underscores Egypt's growing role as a hub for Mediterranean gas.

## MoPMR, Siemens Energy Partner on Gas Efficiency

The Egyptian Ministry of Petroleum and Mineral Resources (MoPMR) signed a Memorandum of Understanding (MoU) with Siemens Energy to enhance energy efficiency and accelerate emissions reduction.

The agreement, signed during EGYPES 2026, covers preparing studies for priority projects such as converting gas turbines to combined cycle systems, applying combined heat and power (CHP) technologies, upgrading electrical assets, and utilizing flare gases. It also includes programs for human capacity building and localizing technologies for the repair and maintenance of compressors and turbines.



## EGAS, Arcius Launch \$500 Mn Harmattan Development

The Egyptian Natural Gas Holding Company (EGAS) signed a \$500 million agreement with Arcius Energy, a joint venture (JV) between bp and ADNOC's XRG, to develop the Harmattan gas field in the Mediterranean. The project targets production of 150 million cubic feet (mmcf) of gas and 3,300 barrels of condensates daily, with completion scheduled for 2028. Plans are also under study to raise output to 200 mmcf and 4,400 barrels of condensates per day. The agreement was signed by EGAS Executive Managing Director Sayed Selim and Arcius CEO Naser Saif Al Yafei.

## ENPPI, PMS to Execute Harmattan Offshore Works

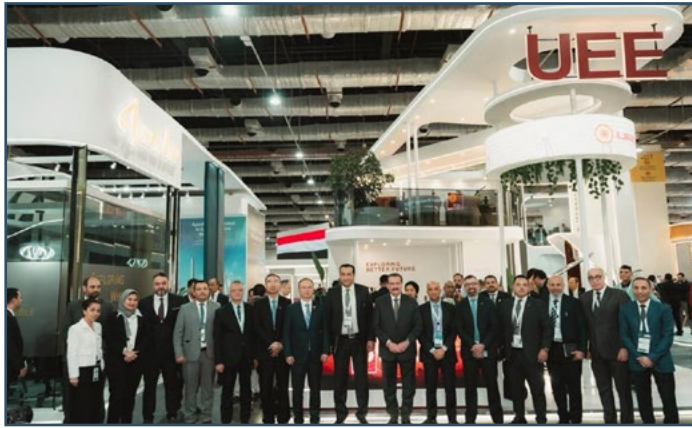
Following the Final Investment Decision signed with Arcius Energy during EGYPES, The Engineering for the Petroleum and Process Industries (ENPPI) concluded a contract with Petroleum Marine Services (PMS) to carry out offshore works and installations at the Harmattan gas field in the Mediterranean. The agreement was signed by ENPPI Chairman and CEO Khaled Ibrahim and PMS Chairman and CEO Walid Hegazy. PMS's scope includes installing a 1,068 ton offshore platform, laying a 50 kilometer subsea pipeline, and completing protection works. The deal supports Egypt's strategy to fast track new discoveries into production and maximize Mediterranean gas resources.

## UEG Signs MoU to Develop Mediterranean Green Hydrogen Hub

Egyptian fertilizer producers Abu Qir Fertilizers and Alexandria Fertilizers (AlexFert) together with Orascom Construction and China United Energy Group (UEG) have signed an MoU to develop a large-scale green hydrogen plant in Alexandria to produce up to 170,000 tons of green ammonia annually.

According to the MoU, UEG and Orascom will study the feasibility of deploying 500 megawatt (MW) of wind and solar renewable power to produce green hydrogen, which Abu Qir and Alexfert will look to use in their existing ammonia production. Abu Qir operates three plants exceeding 3,000 tons per day, while AlexFert runs a 1,200-ton-per-day unit.

The consortium has pledged compliance with Europe's Renewable Fuels of Non-Biological Origin (RFNBO) standards, with UEG noting the project's potential to serve both local industry and export markets.



## GANOPE Secures Two Agreements to Unlock Red Sea Potential

The South Valley Egyptian Petroleum Holding Company (GANOPE) signed an MoU with bp Exploration (Delta), a subsidiary of the UK-based British Petroleum (bp), for the development of Block 6, a key offshore area in the Red Sea.

Signed by GANOPE Chairman Ashraf Bahaa and William Lin, Executive Vice President for Gas and Low Carbon Energy at bp, the MOU aligns with the national strategy to leverage international expertise in unlocking new hydrocarbon resources.

GANOPE also signed another MoU with WesternGeco, SLB's seismic and geophysical services division, to conduct a state-of-the-art seismic survey using Ocean Bottom Nodes (OBN) technology. This initiative will provide high-quality subsurface data to improve understanding of geological reservoirs and de-risk future drilling in promising areas of the Red Sea.



## GPC and Eni Partner to Upgrade New Heliopolis Hospital

Demonstrating the industry's social role, the Egyptian General Petroleum Corporation (EGPC), Italy's energy giant Eni, and the General Authority for Health Insurance signed an MoU to develop the New Heliopolis Hospital. As part of Eni's corporate social responsibility (CSR) initiatives, the project aims to upgrade medical infrastructure and improve the quality of healthcare delivery.

The initiative includes plans to provide 400 beds to serve approximately one million people, highlighting the connection between energy development and public welfare.

## ENPPI Signs Silicon Deal

The Engineering for the Petroleum and Process Industries (ENPPI) and Alamein Silicon Products Company have signed a Project Management Consultancy (PMC) contract to establish a silicon and derivatives production project. The first phase will deliver 45,000 tons of metallurgical-grade silicon per year.

The signing was witnessed by Alaa El-Din Abdel Fattah, Chairman of the Egyptian Petrochemicals Holding Company (ECHEM), and Fan Shaofeng, Vice President of China Tianchen Engineering Corporation, the project's general contractor.

Designed to localize advanced technology industries, the project aims to reduce reliance on imports and open new markets for strategic applications including solar cells, electronic chips, silicone rubber, and intermediate silicones.

## EGPC, SOCAR Seal Energy Cooperation Pact

The Egyptian General Petroleum Corporation (EGPC) has signed a framework agreement with Azerbaijan's State Oil Company (SOCAR) to strengthen cooperation across the oil and gas sector. The deal was signed by Salah Abdel Kerim, CEO of EGPC, and Natig Mustafayev, CEO of SOCAR, in the presence of Elkhon Polukhov, Azerbaijan's Ambassador to Egypt.

The agreement outlines long-term collaboration to improve transportation and storage systems for crude oil and petroleum products, ensuring both physical and commercial security. It also aims to boost trading activity and establish a regional hub for energy trade and storage, reinforcing Egypt's role in regional energy markets.

## EPROM Renews Gas Deal, Inks MoUs

The Egyptian Projects Operation and Maintenance (EPROM), a subsidiary of the Egyptian General Petroleum Corporation (EGPC), renewed key agreements and signed new MoUs with leading international and regional companies during EGPES 2026.

Highlights include the renewal of EPROM's contract with Agiba Petroleum to operate and maintain the Meleiha natural gas station, which has a processing capacity of 20 million cubic feet per day (mmcf/d). A tripartite MoU was also signed with Technip Energies and the Middle East Oil Refinery (MIDOR) to advance digital transformation and energy rationalization.

Additional partnerships were announced with Netherlands-based Cenosco, US oilfield services provider Weatherford, Germany's Orcan Energy AG, and France's IFP Training. These collaborations aim to enhance asset management, boost production efficiency, introduce thermal solutions, apply Organic Rankine Cycle (ORC) technology, and expand training programs for technical staff.



# HONORING THE ARCHITECTS OF EGYPT'S PRAGMATIC ENERGY FUTURE

The Energy Awards of the Egypt Energy Show (EGYPES) 2026 served as a definitive benchmark for excellence within the regional energy sector. Following two days of intensive strategic dialogue, the gala recognized the organizations and leaders who have translated ambitious climate and production targets into measurable, real-world impact. This year's proceedings directly aligned with the overarching EGYPES theme: "Transforming Energy through Collaboration, Action and Realism," shifting the industry focus toward tangible outcomes and the pragmatic balance between decarbonization and energy security.



The ceremony opened with a poignant reminder of the profound human element driving the sector. Addressing a room filled with global CEOs and ministers, Karim Badawi, Minister of Petroleum and Mineral Resources, commented that "awards are a reflection not only of the individuals we celebrate today, but of the arduous journey that brought them to this time." He underscored the staggering social responsibility borne by the industry, noting that every technical breakthrough is "genuinely impacting the lives of 120 million people" across Egypt, highlighting that energy remains the essential foundation for both economic opportunity and domestic security.

## A Visionary Legacy: The EUG Architect

In one of the most moving scenes of the night, a special Legacy Award was presented to Maurice Nassim, a veteran of the industry with over 30 years of experience advancing Egypt's energy exploration. While his career has spanned leadership roles at SLB WesternGeco and TGS, his most defining contribution to the petroleum sector was serving as the primary architect of the Egypt Upstream Gateway (EUG).

This landmark digital platform serves as the commercial and technical backbone of the sector, providing global investors with seamless, integrated access to critical subsurface data. By allowing international companies to evaluate the potential of Egyptian basins online, the EUG has fundamentally transformed how Egypt attracts investment and launches global bid rounds. Minister Badawi personally thanked Nassim for his years of mentorship, noting that the EUG is a result of the immense patience and advocacy championed by leaders like him to ensure the industry is impactful in a strategic, lasting way.

## Driving Pragmatic Solutions

The 2026 award categories were strategically designed to reflect the industry's shift toward functional, cross-sector partnerships. By honoring achievements in operational safety, digital transformation, and renewable scaling, the ceremony moved beyond theoretical goals to celebrate tangible outcomes.

## Operational Excellence Winners

Modern Microbiota Revolution, an emerging specialist in industrial hygiene and workplace safety, won Best Health and Safety Project for pioneering microbial monitoring in high-risk energy environments. This approach addresses biological risks beyond traditional



protocols, focusing on the biology-safety nexus to protect workers.

Vallourec, a world leader in premium tubular solutions for energy, industry, and construction, is recognized for specialized steel pipes resistant to high pressures and hydrogen embrittlement, the French multinational supports Egypt's green hydrogen hub ambitions through future-fuel infrastructure.

## Digital Transformation

The Ministry of Petroleum and Mineral Resources (MoPMR) has received the Excellence Award in Digital Transformation and AI. This honor recognizes the 'Egypt's Energy Balance KPIs Dashboard,' a platform that utilizes Power Business Intelligence BI and AI to provide real-time energy insights. Managed through the Egypt Upstream Gateway (EUG), this initiative centralizes data to rationalize consumption and bolster investor transparency. The reward is sponsored by Engineering for the Petroleum & Process Industries (ENPPI).

## Sustainable Infrastructure

Orascom Construction earned the Scaling Renewable Projects award, also sponsored by ENPPI, for the 650-megawatt (MW) Ras Gharib Wind Farm, expanding Egypt's renewables grid. The firm leads mega-projects across infrastructure and energy transition..

## Emerging Talent

The Young Energy Professional award (sponsored by Apache) went to Ramy Fahmy, Senior Geophysicist at Rashid Petroleum Company (RASPETCO)—a joint venture of EGAS, Shell, and Petronas specializing in Mediterranean offshore gas. Fahmy was recognized

for Direct Hydrocarbon Indicator (DHI) innovations de-risking deep targets in the West Nile Delta, vital for gas self-sufficiency.

Harry Whittaker, Business Development Geoscientist at Geoteric, a provider of AI-driven seismic interpretation software, won the Industry Pitch Competition. His case highlighted subsurface visualization automating geological detection, reducing risks and costs in the Gulf of Suez and Mediterranean.

## Startup Innovation

Inder Pal Singh, Founding President and CEO of Canadian-based SBI BioEnergy Inc. won the Startup Pitch Competition with \$35,000 incentives. The firm specializes in renewable fuels via patented Continuous Catalytic Hydrogenation, converting waste oils into Sustainable Aviation Fuel (SAF) and renewable diesel without external hydrogen.

The EGYPES 2026 Energy Awards elevated practical collaboration as the engine of Egypt's energy evolution, from legacy seismic pioneers to AI-savvy ministries and SAF innovators. By benchmarking measurable impacts, from safer workplaces to wind farms powering millions, these honors reinforce MENA's pivot toward resilient, sustainable systems.

Badawi closed by reinforcing partnerships: "Collaboration, partnership, this is what it's all about." The EGYPES 2026 Energy Awards elevated practical collaboration as the engine of Egypt's energy evolution, reinforcing MENA's pivot toward resilient systems.

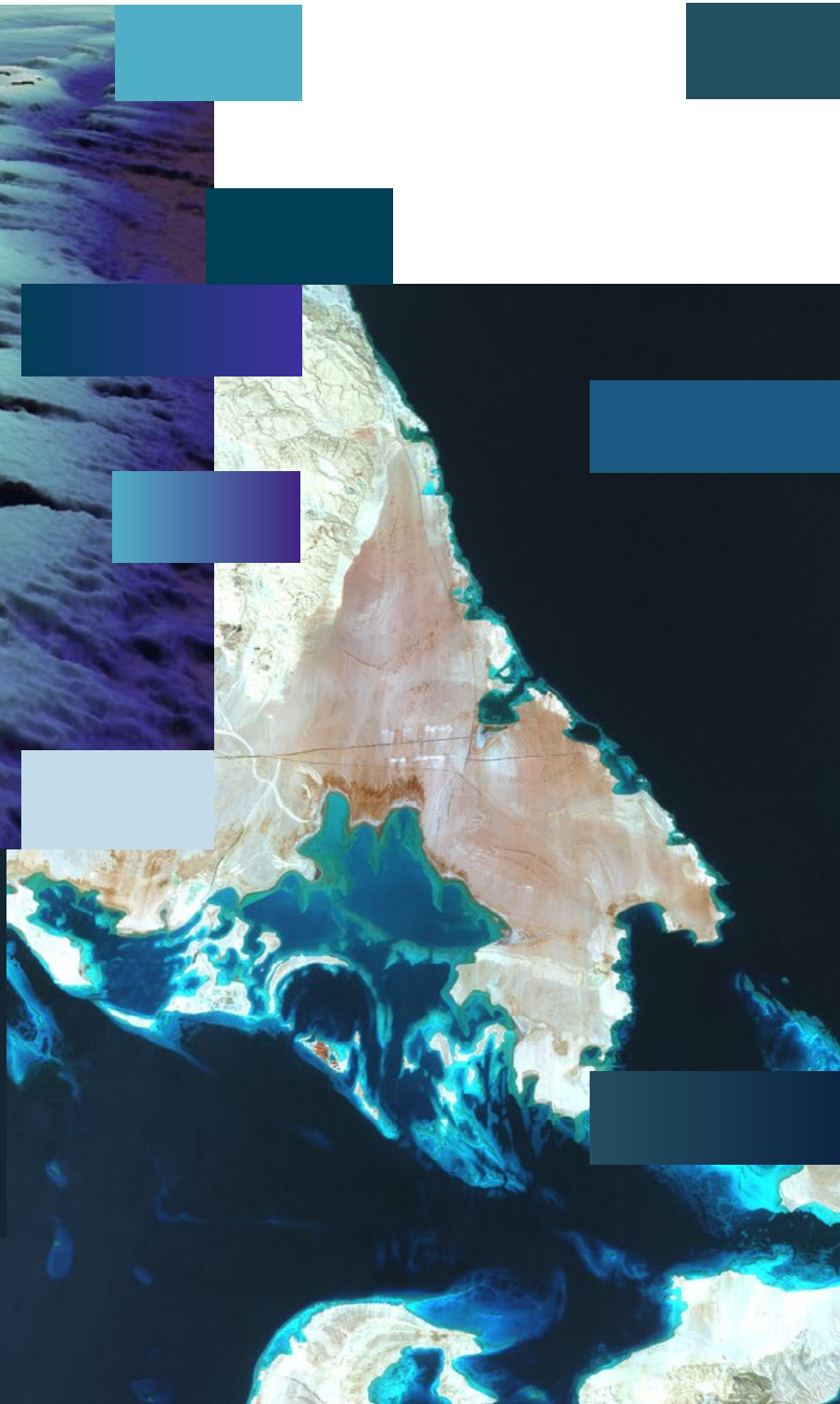


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# ENERGY REALISM IN A DIVIDED WORLD: ADDITION, NOT SUBSTITUTION

By Sarah Samir

**T**he global energy landscape is changing because of electrification, industrial growth, and the urgent need to deal with climate change. But this change isn't happening in the same way everywhere. While demand for all types of fuels is still rising in emerging markets, it is contracting in advanced economies. Mature economies have shifted from heavy industry to services, which consume far less energy, while efficiency gains in buildings, transport, and manufacturing have steadily reduced consumption intensity. Slower population growth and aging demographics limit household demand, and strong commitments to decarbonization have accelerated the move away from fossil fuels.



This difference underscores a gap between policy goals and operational reality, where hydrocarbons remain essential for heavy industries, long haul transport, and grid stability. Despite the rapid scaling of solar and wind, structural barriers—including intermittency, infrastructure deficits, and high financing costs—persist. Combined with the surge in AI driven power demand, the global system is shifting toward a model of “Energy Addition” rather than the outright substitution of traditional fuels.

## Global Energy Demand Dynamics

Global energy demand continues to rise steadily, propelled by economic expansion, widespread electrification, and climate related pressures. The International Energy Agency (IEA) reported that global electricity demand grew by 2.2% in 2024, a significant acceleration that surpassed the previous decade's average growth rate.

Within specific sectors, electricity demand surged by over 3%, driven primarily by data centers, rapid electric vehicle (EV) adoption, and escalating cooling needs in hotter regions. Yet this global picture conceals stark contrasts between the Organization for Economic Co operation and Development (OECD) and non OECD realities.

Energy analyst Barış Sanlı emphasizes that OECD nations are the only group experiencing a contraction in demand, while energy demand for the rest of the world continues to expand across all major fuels. He explains, “It is only OECD countries, perhaps excluding the US and Canada, that are seeing a demand contraction. Therefore, these institutions are reflecting this as a global reality; however, for the rest of the world, demand for all energy resources remains quite strong.”

●● While solar and wind are expanding, hydrocarbons remain essential for providing reliable, base-load power 24/7. In energy-intensive sectors like heavy industry and long-haul transport, hydrocarbons maintain a decisive cost advantage over green alternatives, which currently remain economically prohibitive for these specific applications. . ●●

**Mohamed Refaat Habieb**

Energy Efficiency and Renewable Energy General Manager at the General Petroleum Company

Shrinking demand in OECD countries stems from improved efficiency, structural economic shifts from manufacturing to services, and saturation of electricity demand.

In contrast, most of the world faces demand growth too rapid for any single energy source to meet in isolation. Sanli argues that global conversations framed by OECD institutions often misrepresent the needs of emerging economies. He notes, "If your demand is shrinking, it is a transition. If your demand is growing, you need all resources. If your demand is shrinking and you have a disproportionate influence in world energy policy discussions, you try to reflect this and force others to align with your reality."

Emerging economies often revert to energy addition, using many sources of energy, rather than substitution once demand accelerates. Olivier Le Peuch, CEO of SLB, noted at the Egypt Energy Show (EGYPES 2026) that "every country has its own resources, infrastructure, and policies shaping distinct energy systems. This diversity drives 'energy addition' everywhere, with each nation choosing its own path—local by design, global by capability."

Mohamed Refaat Habieb, Energy Efficiency and Renewable Energy General Manager at the General Petroleum Company, underscores that "it is more realistic to think of renewable energy as an addition to our current system, rather than a replacement for oil."

### Hydrocarbons Remain Core

Despite rapid growth in renewables, hydrocarbons continue to supply the majority of global primary energy. Oil, natural gas, and coal consumption each reached record highs in 2025, rising by 0.7%, 1.5%, and 0.4% respectively, reflecting their indispensable role in power generation, petrochemicals, and industrial heat, according to the IEA's 2025 Statistical Review. These figures underscore the continued reliance on traditional fuels in sectors where low carbon alternatives remain limited or economically expensive.

This aligns with Habieb's assessment: "While solar and wind are expanding, hydrocarbons remain essential for providing reliable, base-load power 24/7. In energy-intensive sectors like heavy industry and long-haul transport, hydrocarbons maintain a decisive cost advantage over green alternatives, which

currently remain economically prohibitive for these specific applications."

### Renewables as Additions, Not Replacements

Solar and wind are expanding rapidly, with solar photovoltaic (PV) capacity growing by more than 30% worldwide throughout 2023–2024. Yet intermittency, storage, and grid integration challenges prevent these sources from fully displacing hydrocarbons. Sanli notes, "Renewables may not suffer from significant supply chain problems. Clean energy technologies are modular; I see solar as an installation economy and batteries as a container economy."

While China's dominance in clean tech adds complexity—securing market control by undercutting prices—low cost Chinese technology simultaneously enables developing nations to expand energy access affordably. However, this expansion is being outpaced by a new industrial catalyst: Artificial Intelligence.

The rapid ascent of AI is driving unprecedented electricity demand that is straining global grid capacities. This creates a functional paradox where the digital tools designed to optimize the energy transition are intensifying the physical pressure on power systems. IEA data underscores this shift, reporting that global data center consumption rose 17% in 2025, with AI focused facilities surging by 50%.

Sanli observes that while AI can help ease mineral bottlenecks, the clean energy economy remains tethered to "hard assets"—turbines, copper wiring, grids, and industrial scale batteries. Building these physical components requires long lead times for mines and processing plants, ensuring the transition remains a physical challenge that software cannot bypass. Consequently, the global market is moving toward "Energy Addition" rather than "Substitution." Renewables are expanding to meet this surging digital demand, but they are doing so alongside traditional fuels. Within this mix, natural gas remains vital as a flexible peaker source, providing the high density, reliable power required to stabilize AI driven data centers when renewable supply falters.

### The Continued Necessity of Hydrocarbons

Energy realism acknowledges hydrocarbons' critical role in market stability and industrial supply. Habieb stresses that "the challenge isn't just the price of

energy; it is the infrastructure. To switch completely, we need to rebuild our power grids and have massive battery storage, which costs trillions of dollars. Also, making enough batteries requires huge amounts of minerals like lithium."

Decisions by OPEC+ remain vital, as price stability encourages companies to invest billions in long term projects, preventing future shortages. Habieb points out, "OPEC+ helps keep oil prices stable. When prices are stable, oil companies feel safe to invest billions of dollars in new, long term projects. Without this stability, companies become afraid to spend money, which could lead to energy shortages in the future."

Sanli adds that leaders must prioritize execution over political slogans. "In these times, I think leaders must focus, prioritize, and execute. Everyone is impacted by energy and energy prices. But you have to focus on the most important part of the problem. Solar may create imbalances, but it is a very cost effective solution to energy supply. Engineers may resist, but politicians must force."

The way global energy demand is going, it looks like the world is not going to make a clean break from hydrocarbons. Instead, it looks like having a layered system where renewables grow along with oil, gas, and coal is more likely. Emerging economies that are growing quickly cannot rely on just one source, and the fact that advanced economies' demand is declining shouldn't change the global story. The problems with infrastructure, financing, and mineral supply chains show that transition isn't just about slogans; it's about getting things done—building grids, securing resources, and making sure investors trust organizations.

☞ Solar and wind are expanding rapidly, with solar photovoltaic (PV) capacity growing by more than 30% worldwide throughout 2023–2024. Yet intermittency, storage, and grid integration challenges prevent these sources from fully displacing hydrocarbons.☞

**Bariş Sanli**  
Energy analyst

# FROM BYTES TO KILOWATTS: DATA CENTERS AND AI RESHAPE GLOBAL ELECTRICITY DEMAND

By Fatma Ahmed

**E**lectricity demand is shifting in ways that are reshaping the global energy system. Traditional drivers like industry and households, data centers, artificial intelligence, cloud computing, and digital infrastructure are becoming major consumers of power. Every online search, stream, or AI response depends on vast server networks running continuously in the background.

This is a structural change, not a gradual one. According to the International Energy Agency (IEA), global electricity demand is expected to grow by around 3% in 2025, with digitalization now being a key driver alongside electrification and cooling needs. Electricity is increasingly becoming the backbone of the digital economy.

At the policy level, this transformation is also changing how energy systems are governed. Daniele Porciani, Digital Services Business Development Director at Baker Hughes told Egypt Oil & Gas: "Governments, at the moment, are stepping back from direct control, allowing private and public-private investments to lead, while influencing demand indirectly through emissions regulations. In this context, the balance between hydrocarbons, renewables, and nuclear will be key to effective market governance", reflecting a shift toward market-driven expansion. At the same time, energy planning is changing. Mohamed Samir, Senior Regional Sales Manager at Baker Hughes explained that "governments are no longer planning power systems around average household and traditional industrial growth; they are planning for concentrated, 24/7, high-quality demand from data centers."

## A Global Energy System Still in Transition

Despite rapid progress in clean energy, the global electricity mix remains heavily dependent on fossil fuels. Coal and natural gas still account for a large share of electricity generation, particularly in fast-growing economies where demand continues to rise. According to the IEA, coal, oil, and natural gas together still account for more than 60% of electricity production worldwide. Natural gas, in particular, has become a flexible fuel for balancing supply and demand.

Energy pathways today are shaped by practical constraints rather than ideology. “What decides the path is not ideology, but economics and execution: fuel availability, cost of capital, grid readiness, permitting speed, and whether storage and flexible generation can support renewables at scale,” Samir said.

From another perspective, market structures are evolving. Ali Abdo, CEO & Founder of MEA Sustainability Studio observed that “the primary factors influencing the choice between fossil fuels and clean energy are speed, cost, energy security, and policy readiness,” explaining why some systems continue to rely on hydrocarbons while others accelerate clean energy deployment.

At the same time, renewables are expanding at record speed. In 2025, over 90% of new electricity capacity worldwide came from renewable sources, the IEA reported. Solar and wind projects are leading the charge, supported by hydropower and emerging technologies like battery storage. Electricity demand grew 2.3 times faster than overall energy demand in 2025, underscoring the shift toward electrification across industries, households, and now digital services.

Still, transitions differ across regions. Porciani highlighted that “renewables and nuclear are not an option in certain markets, especially with the current geopolitical context,” with countries like France focusing instead on grid expansion and electrification—an approach also seen in Australia.

## Data Centers and AI Driving Demand

Among the new drivers of electricity demand, data centers stand out. These facilities, which store and process the world’s digital information, consume electricity at levels comparable to mid-sized cities. Their appetite is fueled by cloud services, streaming platforms, and the growing use of artificial intelligence.

Globally, data centers are estimated to account for 2–3% of total electricity consumption, a figure expected to climb sharply as AI adoption accelerates. The IEA reports that electricity demand from data centers surged by 17% in 2025, far outpacing overall growth. Electricity demand from data centers is projected to double by 2030, while consumption from AI-focused facilities is expected to triple over the same period.

Beyond scale, their impact on infrastructure is immediate and highly concentrated. Samir said “a typical AI-focused facility can use as much electricity as 100,000 households, and the largest ones under construction can consume 20 times that level.”

This transformation is also redefining planning frameworks. “A large AI data center presents a concentrated load that can arrive rapidly, putting immediate pressure on local grids,” Abdo discussed, shifting the focus toward location-specific planning, grid readiness, and infrastructure upgrades. He further emphasizes that “data centers are no longer merely an ICT concern; they have become an integral part of energy planning.”

Geographically, growth remains concentrated. Porciani elaborated “there are three main hubs for data centers—the US and, in a smaller frame, UAE and Singapore,” where national energy strategies are already being adapted to support digital expansion.

## Egypt Energy Expansion Strategies

Egypt is pursuing a dual-track energy strategy to meet rising electricity demand from households, industry, and digital infrastructure such as data centers, AI, and cloud computing. Egypt revised its target to achieve 42% of the total electricity through renewable energy sources by 2030, with a further goal of 60% by 2040.

The Ministry of Planning and Economic Development has allocated EGP 136.3 billion in the fiscal year (FY) 2025/26 for renewable energy and grid projects—nearly double the previous year—including flagship initiatives like Benban Solar Park and Gulf of Suez wind farms, alongside transmission upgrades and partnerships such as an EGP 830 million debt swap with Germany. Egypt is also expanding regional interconnections with Sudan, Saudi Arabia, and Europe.

At the same time, hydrocarbons remain central. According to the US Energy Information Administration, natural gas accounts for over 55% of primary energy consumption and oil about 41%. Egypt continues developing offshore fields like Zohr to secure supply and balance renewable variability.

Within this context, data centers represent more than just new demand—they offer a strategic opportunity. “Data centers are an additional occasion for Egypt to enter in a transformational initiative in its energy framework,” Porciani underlined.

From a practical front, Mohamed Samir emphasized that “the most practical path is to fast-track hybrid solar, wind and battery projects near strong grid nodes, allow major digital users to contract directly for clean power, and keep transmission upgrades ahead of demand rather than behind it.”

This aligns with a broader strategic view. Abdo concluded, “Egypt’s most practical path forward is to accelerate the deployment of solar and wind energy... while strengthening transmission infrastructure, expanding battery storage, and enabling direct renewable power procurement for large users like data centers.”

Together, these efforts—highlighted by the IEA—position Egypt to meet growing electricity demand, attract data center investment, and strengthen its role as both a regional energy hub and a digital infrastructure leader.

Hence, the surge of data centers, AI, and cloud computing is reshaping electricity demand worldwide, forcing nations to rethink energy planning. While fossil fuels remain dominant, renewables are expanding at record speed. Egypt, through Vision 2030, is seizing this moment—combining natural gas reliability with ambitious renewable targets, grid upgrades, and regional interconnections. With a booming data center market and bold clean energy commitments, Egypt is positioning itself as a regional hub where digital growth and sustainable power converge.

“ Governments are no longer planning power systems around average household and traditional industrial growth; they are planning for concentrated, 24/7, high-quality ”

Mohamed Samir Senior Regional Sales Manager, Baker Hughes



## FROM GAS TO GREEN: THE TOUGH TRANSITION FOR EGYPT'S ENERGY-INTENSIVE INDUSTRIES

By Doaa Ashraf

**R**ising geopolitical tensions in the Middle East have significantly affected economies across the region, including Egypt. Surging oil and natural gas prices, coupled with global supply chain disruptions, have fueled inflation and reshaped energy strategies.

Egypt remains heavily reliant on natural gas, which provides nearly 84% of its electricity generation, compared to just 13% from renewable sources. The government aims to raise the share of renewables to 42% by 2030, a target recently revised upward to 45% by 2028. These developments have prompted many countries—especially developing economies—to prioritize energy diversification over rapid transition.

### Industrial Sector: The Hardest to Decarbonize

Despite government efforts to rationalize electricity consumption in residential and commercial sectors, applying similar measures to industry remains difficult. Energy-intensive sectors such as fertilizers, iron and steel, petrochemicals, and cement depend heavily on natural gas or diesel, either as a primary energy source

*In 2025, about 56,694 megawatts (MW) of renewable capacity was installed in Egypt while, electricity peak demand reached only 36,800 MW in 2024.*

or as a production input. Fertilizer manufacturing, in particular, relies on natural gas as feedstock.

This dependency has sparked debate on how to encourage industries to shift toward renewable energy. “Renewable energy is a promising solution to the current crisis; however, several challenges must be addressed to maximize its potential,” said Adel Mohamed Taha, Chief Technical Advisor for Sustainability and Industrial Decarbonization at the Federation of Egyptian Industries.

Taha explained that nitrogen-based fertilizer plants use natural gas both as energy and feedstock, while iron and steel complexes require high-temperature furnaces, classifying them as energy-intensive. Meeting such thermal demands currently depends on natural gas and other fuels. He noted that if factories continue using natural gas for thermal energy but switch to renewables for electricity, their overall carbon footprint could be significantly reduced.

“This can be achieved either by sourcing renewable electricity from the national grid via power purchase agreements or by establishing direct connections with nearby solar or wind power plants,” he added.

According to a study by the Egyptian Center for Economic Studies (ECES), Egypt had about 56,694 megawatts (MW) of renewable capacity installed in 2025, while peak electricity demand reached only 36,800 MW in 2024. The challenge lies not in generation volume but in timing, location, and reliability of delivery.

### **Green Hydrogen: A Costly but Strategic Alternative**

Taha also highlighted the potential of green hydrogen in heavy industries. Low-carbon hydrogen could improve efficiency, provide high thermal energy, and reduce reliance on natural gas. Initially, hydrogen production relied on natural gas, resulting in high emissions. Green hydrogen, produced through water electrolysis powered by renewables, offers a cleaner alternative.

Despite its promise, integrating green hydrogen into heavy industries remains expensive. It requires substantial investment, with challenges in pricing, infrastructure, and securing off-takers. Taha emphasized that policy measures—such as Egypt’s hydrogen incentives law and financial de-risking instruments—are crucial to overcoming these barriers.

### **Localization of Green Hydrogen Projects**

The Suez Canal Economic Zone (SCZONE) has made green fuel localization central to its sustainable development strategy. “We have allocated land for future electrolyzer installations and designed a pipeline to transport production from the plant to the port,” said Mohamed Abo El Dahab, General Manager of Green Economy at SCZONE, during the High-Level Finance Coordination Dialogue on Green Hydrogen and Ammonia in Egypt and Morocco.

A transmission line is being extended to power the electrolyzer, which will produce green ammonia. The facility, spanning 30 million square meters and located 15 kilometers from the port, will share infrastructure with a desalination plant. Egypt’s green hydrogen project is expected to export its first shipment of green ammonia to Germany by the end of 2027.

Meanwhile, Misr Fertilizers Production Company (MOPCO), in partnership with the Egyptian Petrochemicals Holding Company (ECHEM) and Norway’s Scatec, completed pre-FEED studies in

April for an \$873 million green ammonia project in New Damietta. Scheduled to begin operations in Q3 2028, the plant will produce 150,000 tons annually for export and integration into MOPCO’s existing facilities. It will be powered by up to 480 MW of renewable energy and supported by a 240 MW electrolyzer.

Additionally, Abu Qir Fertilizers and Chemicals Company and Alexandria Fertilizers Company (Alexfert) signed a memorandum of understanding to explore a Mediterranean Green Hydrogen Hub in Alexandria. Feasibility studies include plans for 500 MW of wind and solar generation and a green hydrogen capacity equivalent to 480 tons per day of green ammonia.

By localizing green hydrogen production, these projects enable fertilizer industries to gradually replace natural gas with cleaner feedstock, reducing exposure to volatile gas prices while lowering carbon emissions.

### **State Measures Driving Renewable Adoption**

Egypt’s National Low-Carbon Hydrogen Strategy, launched in 2024, aims to scale up hydrogen production across industry and transport while strengthening Egypt’s position in the global hydrogen market. The government expects this initiative to add \$18 billion to GDP and achieve annual hydrogen production of 3.8–5.6 million tons by 2040.

Grid infrastructure is also being upgraded, supported by a €90 million EU grant to expand renewable transmission capacity. Egypt plans to add 2,500 MW of renewable capacity to the national grid in 2026, enhancing stability and efficiency.

Sabah Mashaly, Deputy Minister of Electricity and Renewable Energy, noted that Egypt is among the few regional countries with five green hydrogen projects already underway, implemented by private companies using direct connections to renewable sources.

Ehab Ismail, Chairman of the New and Renewable Energy Authority, highlighted investment incentives, including reduced customs duties on renewable equipment (from 5% to 2%) and a lowered value-added tax (from 14% to 5%). He stressed that land allocation for renewable projects is coordinated with the Egyptian Electricity Transmission Company to ensure grid readiness before approvals.

While renewable energy and green hydrogen are not yet fully integrated into Egypt’s hardest-to-abate industries, the country possesses the infrastructure, policies, and investment momentum to accelerate execution. Achieving a balanced energy mix will be critical for resilience against geopolitical pressures and economic volatility.

“Renewable energy is a promising solution to the current crisis; however, several challenges must be addressed to maximize its potential.”

**Adel Mohamed Taha**  
Chief Technical Advisor for Sustainability and Industrial Decarbonization  
The Federation of Egyptian Industries

## THE ENERGY TRANSITION REALITY CHECK

# WHY FOSSIL FUELS STILL DOMINATE BEYOND POWER

By Rana Al Kady

**T**he global energy transition is advancing at a pace that would have seemed improbable just a decade ago. Solar and wind capacity additions continue to break records year after year, and clean energy is now the primary driver of growth in electricity generation worldwide. Yet this progress coexists with a less visible but critical reality: fossil fuels remain dominant across the broader energy system. In 2024, global energy demand grew by approximately 2.2%, with oil, gas, and coal all increasing in absolute terms. Thus, fossil fuels still account for roughly 80–81% of total primary energy consumption. This persistent dominance highlights a structural imbalance; renewables are scaling rapidly, but not fast enough to displace fossil fuels across all sectors.

### Power Shift, But Fossils Still Anchor

Electricity is the most advanced front of the transition. Renewables accounted for more than 80% of new power generation capacity added globally in 2024, and they now supply close to one third of total electricity demand. In Europe, wind and solar have overtaken coal, with Germany regularly hitting 50% renewable generation.

But fossil fuels remain essential stabilizers. Coal still provides around 35% of global electricity, while natural gas contributes over 20%. These sources balance grids, cover intermittency, and meet peak demand. Even in countries with strong renewable penetration, fossil fuels act as the backbone of reliability. This duality underscores the paradox: renewables are cutting emissions, but they have not eliminated fossil based backup.

*Coal still provides around 35% of global electricity, while natural gas contributes over 20%. These sources balance grids, cover intermittency, and meet peak demand. Even in countries with strong renewable penetration, fossil fuels act as the backbone of reliability.*

Beyond power, the transition slows dramatically. Transport remains overwhelmingly dependent on oil, which grew by 0.8% in 2024, driven by demand of aviation, shipping, and petrochemicals industries. Electric vehicle (EV) adoption is accelerating—17 million units sold globally in 2024—but EVs still represent a small fraction of transport energy use.

Heavy trucks, planes, and ships rely almost entirely on liquid fuels due to energy density and infrastructure constraints. While passenger EVs are gaining ground globally, freight and long-haul transport remain tethered to petroleum—a challenge particularly acute in developing markets.

Dr. Farah Shoukry, Research Associate at the American University in Cairo, emphasizes that these hurdles extend beyond technology. She notes: “From an Egyptian market perspective, decarbonising transport, heavy industry, and heating is significantly more complex than decarbonising electricity due to structural, financial, and technological constraints.”

This complexity is evident in Egypt’s current energy landscape. Despite notable progress in renewable power—anchored by the Benban Solar Park—the transport sector remains fossil-bound. Even with megaprojects like the Cairo Monorail and LRT, the shift is slowed by limited charging infrastructure, high upfront EV costs, and a deep-seated reliance on road-based logistics.

## Industry, Heating: Where Fossil Fuel Dominate

Industrial activity is the hardest barrier to deep decarbonization. Steel, cement, chemicals, and refining are energy intensive and fossil dependent. In 2024, global natural gas demand rose 2.7%, largely from industry, while coal demand increased 1%.

Unlike electricity, industrial processes often require high temperature heat or fossil feedstocks. Blast furnaces, kilns, and petrochemical crackers cannot easily switch to renewables. Green hydrogen and carbon capture are emerging solutions, but they remain costly and small scale. Industrial emissions continue to rise even as power sector emissions fall.

Egypt's industrial base reflects this challenge. Fertilizer, cement, and petrochemical plants rely heavily on natural gas, both as fuel and feedstock. Transitioning these sectors requires not just new technologies but also re engineering entire production chains—a task far more complex than adding solar panels to the grid.

Buildings add another entrenched challenge. Natural gas dominates heating in many countries, supported by decades of pipeline infrastructure. Transitioning requires electrification, heat pumps, insulation, and district heating—investments that remain uneven and slow.

In colder climates, alternatives are not yet universally affordable or accessible, keeping fossil fuels central to residential and commercial heating. Even in warmer regions, gas remains the default for cooking and water heating. Egypt's urban expansion has locked in gas distribution networks, making electrification of heating a long term project rather than a quick fix.

### Why the Transition Crawls

The experiences of leading energy transition countries provide valuable insights into the realities of decarbonisation. In both Germany and Brazil, renewable energy has significantly reduced emissions in electricity generation. Brazil, for example, generates the majority of its electricity from hydropower, while Germany has rapidly expanded wind and solar capacity. However, in both cases, fossil fuels remain critical in other sectors. Oil continues to dominate transport, while gas and coal are still used in industry and heating. These examples demonstrate that even the most advanced energy systems cannot eliminate fossil fuels quickly.

Even advanced systems cannot eliminate fossil fuels quickly. Decarbonization is sectoral, requiring tailored strategies for each part of the economy.

Shoukry added: "A realistic timeline for deep decarbonization across all sectors in Egypt extends over the next two to three decades. By 2030, progress will likely be concentrated in the power sector and selected public transport systems, while electric vehicle adoption and industrial decarbonization remain limited."

Structural barriers explain fossil persistence. Infrastructure such as refineries, pipelines, and industrial plants represent trillions in sunk costs. Emerging technologies for hard to abate sectors—hydrogen, carbon capture—remain expensive.

*Brazil generates the majority of its electricity from hydropower, while Germany has rapidly expanded wind and solar capacity. However, oil continues to dominate transport, while gas and coal are still used in industry and heating.*

Energy security complicates the shift, especially in regions where fossil fuels provide reliable, affordable energy. For Egypt, balancing decarbonization with growth, jobs, and access adds another layer of complexity. The country's economic development strategy depends on energy affordability, making a rapid fossil exit politically and socially difficult.

The slow pace also brings benefits. A phased approach avoids economic shocks, manages investment cycles, and maintains energy security. It allows time to scale new technologies, build infrastructure, and strengthen institutions.

Renewables in power are already delivering gains: lower emissions, cheaper electricity in many markets, and greater diversification. For Egypt, solar and wind reduce fuel import dependence, attract foreign investment, and position the country as a regional clean energy hub.

### Realism Over Rhetoric

Even under ambitious climate scenarios, fossil fuels are projected to supply 41–55% of global energy by 2050. Existing infrastructure, asset lifespans, and deployment timelines make rapid displacement unrealistic. Managing the transition carefully is essential to avoid disruption.

Egypt's trajectory reflects this reality. The country targets 42% renewable electricity by 2035, with large scale solar projects leading the way. Yet natural gas still dominates power generation, and oil products underpin transport and industry. Rising demand from population growth and economic development adds pressure to maintain reliable, affordable energy.

The evidence is clear: the energy transition is not an immediate fossil fuel phase out, but a gradual, sector by sector transformation. Renewables are reshaping electricity systems at speed, but transport, industry, and heating remain fossil bound without complementary technologies and infrastructure.

The lesson from international experience—and Egypt's own path—is realism. Deep decarbonization requires sustained investment, innovation, and integrated policy frameworks tailored to each sector. Until these conditions are met at scale, fossil fuels will remain not relics of the past, but active pillars of the present and near future energy system.

# THE GREAT RECALIBRATION: HYDROGEN'S ROLE IN THE AGE OF ENERGY ADDITION



By Samar Samir

**T**he global energy transition is entering a new phase defined less by ambition and more by constraint. What was once framed as an inevitable march toward net-zero, anchored in hydrogen and renewables, has collided with the realities of high inflation, elevated interest rates, and intensifying geopolitical rivalries.

By 2025–2026, reality has diverged sharply from ambition. Major international giants, for instance, Shell, British Petroleum, and Fortescue, have scaled back hydrogen ventures, citing poor economics and lack of buyers as reported by Financial Times. The so-called "Green Premium", the extra cost of clean energy compared to fossil fuels, has become politically and economically untenable.

Before the current strategic pivot, hydrogen was prioritized as the "silver bullet" of the energy transition due to its unique ability to decarbonize "hard-to-abate" sectors, such as heavy industry, maritime shipping, and aviation, where battery-based electrification remains technically unfeasible. During the initial phase of the transition, European policymakers viewed hydrogen as a dual-purpose solution for energy security and industrial leadership.

## From Silver Bullet to Bankability Crisis

The economic feasibility of green hydrogen remains a primary obstacle to its adoption as a silver bullet for the energy transition. According to the International Energy Agency (IEA), green hydrogen production costs currently range between \$6 and \$12 per kilogram (kg). While grey hydrogen, produced from natural gas, is more affordable at approximately \$2/kg, it remains uncompetitive against conventional energy benchmarks.

On an energy equivalent basis (MMBtu), the price gap is striking. Green hydrogen is estimated at \$45–90 per MMBtu, far above grey hydrogen at around \$15 per MMBtu. Compared with traditional hydrocarbons, the disparity widens further: natural gas at the Henry Hub trades between \$2.50 and \$4.00 per MMBtu, while Brent crude carries an equivalent cost of only \$12–14 per MMBtu. Consequently, green hydrogen remains nearly four times more expensive than crude oil and 18 times more expensive than natural gas at current market rates. This extreme valuation gap explains why few off-takers are willing to commit to the long-term contracts necessary to fund large-scale hydrogen infrastructure.

Moreover, transporting hydrogen requires compression or liquefaction, both energy-intensive processes that trigger leakage and pipeline embrittlement. Consequently, most projects remain in pilot phases; Rystad Energy, the Norwegian energy research firm, reports that 99% of announced green hydrogen projects have not advanced beyond the concept stage.

**The romantic phase of green ambition is ending, replaced by a hard realism in which energy security and economic viability dictate the pace of transition.**

In mid-2025, mining giant Fortescue abandoned several flagship green hydrogen projects, including the \$550 million Buckeye hub, citing shifting political landscapes and a lack of market viability, according to global industrial and energy market intelligence provider Industrial Info Resources. Similarly, bp exited the massive 26 gigawatt (GW) Australian Renewable Energy Hub, signaling a "strategy reset" that prioritizes disciplined investment in upstream oil and gas over high-risk experiments, as reported by Reuters.

Mohamed Jameel Al Ramahi, CEO of Masdar, UAE's flagship renewable energy and green hydrogen developer CEO, revealed that a planned 6 GW renewable project, originally intended for green ammonia production, has been repurposed as a \$6 billion solar and battery venture to serve data centers. In an interview with Bloomberg, Al Ramahi stated that "today, green hydrogen is under pressure and the market is shrinking."

### **Geopolitical Realism: Security Over Sustainability**

The geopolitical disruptions stemming from the conflicts in Ukraine and the Middle East have underscored the role of energy as a strategic lever. In 2026, governments are increasingly prioritizing "molecule security", ensuring reliable access to natural gas, over "carbon-neutral electricity sources," which refers to the strict focus on renewable-only power generation. India and China exemplify this shift by intensifying their reliance on coal and natural gas to fuel AI data centers and industrial expansion, effectively treating climate targets as secondary to economic stability. Concurrently, the US has emerged as a liquefied natural gas (LNG) superpower; its exports now serve as a vital security buffer for Europe, a trend that has slowed the planned phase-out of natural gas infrastructure, as mentioned by Reuters.

### **The US-Iran Conflict: A New Flashpoint**

The recalibration is also shaped by geopolitical flashpoints. Rising US assertiveness in the Persian Gulf and hostility toward Iran have heightened tensions, adding volatility to energy markets. Regional enmities, between Saudi Arabia and the UAE, the struggles for state unity in Syria, and the Sudanese Civil War, merge to create multiple energy-linked flashpoints. As Francesco Sassi, an Assistant Professor and Postdoctoral Fellow in Energy Geopolitics at the University of Oslo's Department of Political Science, told Egypt Oil & Gas, "The current regional geopolitical standoffs, from the Israel-Palestine conflict to US assertiveness in the Persian Gulf and hostility towards Iran, merge to create multiple flashpoints whose development is intertwined with regional energy relationships." This underscores how energy reliability, particularly via Mediterranean gas, is overtaking decarbonization speed in strategic dialogue between North Africa and the EU.

### **Bridging Ambition and Reality**

For the Global South, the energy transition is fundamentally constrained by financing. The World Bank notes that countries such as Egypt face borrowing costs three times higher than those in Europe, rendering large scale renewable projects prohibitively expensive. As a result, Egypt has turned to natural gas as a strategic bridge to safeguard fiscal and energy security. A clear example of this recalibration is bp's Mediterranean strategy: while the company initially explored large scale green hydrogen exports, its current focus

**Green hydrogen remains nearly four times more expensive than crude oil and 18 times more expensive than natural gas at current market rates.**

has shifted to expanding the Raven and West Nile Delta gas fields to secure immediate supply for the domestic market and European LNG terminals.

Sassi argues that the economic foundation for North African hydrogen is shifting. He explains that the European Union had subsidized projects in Egypt and Algeria to secure affordable clean energy imports, diversify away from Russian gas, and advance its climate goals. But as political pressure in Europe reduces these subsidies, the support that once made Egyptian and Algerian hydrogen competitive is disappearing. Without this financial cushion, the high cost of green hydrogen compared to natural gas becomes a barrier, discouraging investors from committing to multi billion dollar projects. Sassi warns that unless guaranteed buyers step in, these facilities risk becoming stranded assets—expensive infrastructure that fails to operate profitably

Economics, geopolitics, and technology are forcing a multi-speed transition where hydrocarbons remain central longer than anticipated. Robin Mills, CEO of Qamar Energy, a Dubai-based energy consultancy specializing in Middle Eastern energy strategy and market analysis, told Egypt Oil & Gas: "I don't think this is the end of green hydrogen export dreams, as Saudi Arabia continues to push ahead with Neom's mega hydrogen plant and Yanbu's planned hub. But it does show the realism that these export schemes need large-scale reliable offtakers at premium prices."

The 2026 landscape proves that the world is converging on a pragmatic, multi-speed transition, where hydrocarbons provide the stability needed to fund the green future. As Sassi concluded, "Building an economically resilient energy system without sufficient political stability, or vice versa, would simply render the creation of a regional energy hub unfeasible". The "Great Recalibration" ensures that the energy transition remains grounded in reality—even if the path to net-zero is longer than originally hoped.

**India and China are intensifying their reliance on coal and natural gas to fuel AI data centers and industrial expansion, effectively treating climate targets as secondary to economic stability.**

# FROM GROUND TO SKY: THE NEW ERA OF EMISSIONS QUANTIFICATION



**A**cross the global oil and gas industry, the demand for accurate emissions monitoring, enhanced operational safety, and improved inspection efficiency is surging. As operators navigate tightening regulatory requirements and ambitious environmental commitments, the need for innovative monitoring technology has become critical.

In Egypt, SMA is driving this transformation. By integrating advanced drone technology with proven ground-based inspection methods, SMA delivers high-precision emission monitoring and infrastructure services that set a new standard for the energy sector.

## Maximizing Reach, Minimizing Risk

Oil and gas facilities are among the world's most Logistically challenging industrial ecosystems, where high-pressure processing systems, volatile materials, and sprawling infrastructure intersect to create a high-stakes operational landscape.

By deploying industrial drones equipped with thermal cameras, optical gas imaging systems, and high-resolution sensors, inspection teams can safely access difficult-to-reach areas while collecting precise data in a fraction of the time required by conventional methods. These aerial platforms enable operators to conduct inspections of critical infrastructure such as flare stacks, storage tanks, pipeline intersections, and processing units without interrupting ongoing operations.

The result is faster inspections, improved safety, and more frequent monitoring cycles that allow operators to detect potential issues before they escalate.

## Transforming Methane Compliance

As companies align with global climate commitments and rigorous environmental reporting standards, methane emissions monitoring has emerged as a strategic priority for the oil and gas industry.

SMA addresses this challenge by integrating Optical Gas Imaging (OGI), high-flow sampling technologies, and drone-based sensing platforms. This multi-layered approach allows operators to detect and quantify methane leaks with exceptional accuracy. These advanced solutions facilitate comprehensive, facility-wide oversight and ensure seamless compliance with internationally recognized frameworks, including OGMP 2.0 Level 4 and Level 5 standards for emissions quantification.

Drone-mounted sensors provide the capability to rapidly identify emission sources across large operational areas, helping operators measure leak

volumes, prioritize repairs, and improve environmental performance. By combining aerial measurements with ground-based surveys, inspection teams gain a complete understanding of emission behavior across entire facilities.

## Advantages for oil and gas operators:

### ■ Personnel Safety First

Drones allow inspections in hazardous environments—such as flare stacks, elevated structures, and confined industrial areas—without exposing personnel to risk.

### ■ Efficiency at scale

Large facilities that traditionally required days of manual inspection can now be surveyed within hours, reducing downtime and improving maintenance planning.

### ■ Detailed data, Smarter reactions

Advanced sensors and imaging systems capture detailed thermal and visual data, enabling engineers to detect corrosion, structural damage, and equipment anomalies at an early stage.

### ■ Real-Time Decisions

Real-time data analysis allows operators to quickly assess asset integrity and respond to potential issues before they impact product

These improvements are driving a shift toward more proactive asset management strategies within the oil and gas sector.

## Powering Nationwide Safe Operations

SMA's inspection and monitoring services are currently deployed across several major oil and gas regions in Egypt, supporting operators in maintaining safe and efficient operations. These activities include projects in the Alexandria and Cairo petroleum areas, the Zohr Field, Assiut, Abu Rudies in Sinai, and the Port Said region.

Through these operations, the company has demonstrated how integrated monitoring solutions can support both operational performance and environmental responsibility.

## Looking Ahead: Digital Monitoring for Lower-Emissions

As the oil and gas industry moves toward more sustainable and digitally integrated operations, technologies such as drone-based inspection and emissions quantification are becoming essential tools.

By combining advanced aerial platforms, high-precision sensing technologies, and experienced engineering teams, companies like SMA are helping operators transition toward smarter monitoring systems that enhance safety, reduce emissions, and improve operational reliability.

The future of oil and gas inspection is increasingly data-driven, automated, and aerial—and drone technology is leading the way.





For Oil & Maritime Services

## Emission Monitoring and quantification Services for Oil and Gas Sector ground-based and Drone capabilities



**SMA For Oil & Maritime Services (Free zone )** and its affiliated companies are leading companies in advanced emission monitoring, gas leak detection, and safety solutions for the oil, gas, energy, and maritime sectors. With proven expertise in both offshore and onshore operations, the company combines expert ground teams and cutting-edge drone technology to deliver the precision, speed, and reliability required in today's oil and gas industry.

Our state-of-the-art aerial fleet, equipped with optical, thermal, and specialized gas-detection sensors, can safely inspect offshore platforms, flare stacks, storage tanks, and remote desert pipelines — capturing data that keeps facilities safe and compliant.

On the ground, our skilled engineers use world-class Optical Gas Imaging, high-flow sampling, and other advanced tools to detect and quantify emissions with unrivaled accuracy, in full compliance with OGMP 2.0 Level 4 and Level 5 standards for methane emission monitoring.

SMA is also a trusted leader in H<sub>2</sub>S safety services, providing robust detection and quantification of hazardous gases to protect people, assets, and the environment across both offshore and onshore sites.

**SMA — delivering safety, sustainability, and innovation solutions from ground to sky.**

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# Egypt's Strategic Shift Toward a Diversified Energy Frontier

A balanced energy mix is no longer a luxury; it is the cornerstone of sustainable development. By diversifying energy sources to include a blend of traditional fossil fuels, renewables, and emerging low-carbon technologies, a nation can protect itself from the risks of relying on a single source. This strategic variety not only enhances the overall resilience of the national grid but also ensures that the energy system operates at peak efficiency.

For Egypt, this transition is a core priority. The fourth pillar of the current strategy led by the Ministry of Petroleum and Mineral Resources (MoPMR) focuses on deep-rooted collaboration with the electricity and renewable energy sectors. The goal is clear: to establish an optimal energy mix that fuels economic growth while meeting environmental targets. Egypt has set a bold benchmark for this journey, aiming to have renewable energy account for 42% of its total electricity generation by 2030.

The petroleum sector is already making significant strides toward this clean energy future. A prime example is the green ammonia project located at the Misr Fertilizers Production Company (MOPCO) industrial complex in Damietta. With an estimated investment between \$873 million and \$890 million, this facility is scheduled to begin operations by 2028. It targets an annual production of 150,000 tons of green ammonia, positioning Egypt as a key player in the global green chemicals market. Furthermore, the state is advancing initiatives in sustainable aviation fuel (SAF) and bioethanol production, ensuring the nation stays aligned with international decarbonization trends.

On the operational level, the shift is visible at petroleum worksites across the country. Solar energy is increasingly replacing diesel, with over 117 solar cell projects currently providing a combined capacity of more than 42 MW. To accelerate this change, the Egyptian General Petroleum Corporation (EGPC) has begun integrating green clauses into both new and existing commitment agreements. These provisions encourage partners to reduce gas flaring and emissions by adopting solar cells and gas generators. Interestingly, the strategy also promotes using hydrogen as a combustion aid in vehicles and generators, which can save up to 25% of burned fuel. For investors, the perks are financial as well as environmental; implementing these projects allows them to accelerate their cost recovery rate by 50% in the year of execution.

Ultimately, optimizing the energy mix offers a triple win. It drastically reduces greenhouse gas emissions, improving air quality for all citizens. It enhances technical efficiency by reducing losses during generation and transmission. Most importantly, it secures long-term economic stability through lower production costs and enhanced energy security. As Egypt transitions toward a low-carbon economy, this roadmap serves as a vital engine for a cleaner, more prosperous future.

**By Mohamed Dwiedar**

Assistant General Manager of Reservoirs Surveillance  
EGPC

## GOVERNING FOR VALUE:

# Moving Asset Integrity to the Center of Egypt's Economic Policy

Reflections from EGPES 2026 suggest that Egypt's next growth phase hinges on more than just attracting capital; it depends on how effectively the nation governs the integrity and value of its existing assets. As Egypt accelerates privatization and industrial reform, asset integrity must transition from a narrow technical discipline to a national economic priority.

The scale of EGPES 2026 reflected a country serious about energy competitiveness. Yet, beyond strategic optimism, one issue requires greater prominence. In a nation with an extensive base of energy, utility, and infrastructure assets, integrity is a foundational driver of productivity, resilience, and investor confidence.

Egypt's macroeconomic outlook is strengthening, with the IMF projecting 4.2% GDP growth for 2026. However, this recovery sharpens a strategic question: how well is Egypt governing the asset base required to sustain this growth? Assets are not passive balance sheet entries; they are productive systems that determine throughput, cost, and risk. Poor governance leads to value erosion, declining availability and rising costs. long before formal asset failure.

This connection is vital as Egypt prepares 10 petroleum companies for temporary listing on the Egyptian Exchange. Transparent market trading will serve as a performance evaluation mechanism, making asset health a direct factor in valuation credibility and access to capital. Assets cannot be valued fairly if they are not understood properly; visibility into maintenance discipline and remaining economic life is essential to avoid valuations disconnected from operational reality.

Egypt now has an opportunity to elevate asset stewardship into public policy by establishing an independent national body—an Assets of Egypt Authority. This institution would provide a unified framework for lifecycle governance, defining baseline expectations for maintenance maturity and risk-based renewal. By identifying underperforming assets early, it could trigger interventions to halt value erosion before it becomes irreversible.

Such an authority would bridge the gap between technical conditions and broader industrial policy. As global competition for capital intensifies, investors judge nations by the quality of governance surrounding their assets. Strong management is a national competitiveness signal. While Egypt possesses immense industrial depth, it now requires a mechanism to preserve and compound value from its existing base.

This is particularly urgent for aging assets. The divide is rarely between "good" and "bad" assets, but between those that are actively governed and those drifting into underperformance. Establishing a national authority would be a landmark economic reform, signaling that Egypt prioritizes lifecycle value over simple capital entry.

The proposition is straightforward: for Egypt to achieve resilient production and credible privatizations, asset management must move to the center of economic policy. The next phase of development should be defined not just by what the country builds next, but by how intelligently it protects the assets that already sustain its economy. Economic strength is not achieved simply by creating assets; it is secured by governing them well.

**By Hossam Aboegla,**

CEO, Add Value Consultancy (AVC)



■ A longer version of this opinion piece is available on the Egypt Oil & Gas website





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## Denise West 1: Egypt's Mediterranean Keeps Delivering

In recent years, the Mediterranean has continued to solidify its position as the central pillar of natural gas production in Egypt with subsea infrastructure and onshore processing facilities. Over the past decade, the region has not only sustained production levels but has also remained the primary hub for exploration activity, with successive discoveries supporting production continuity and strengthening energy security.

### New Discoveries Sustain Output

This dominance has been closely tied to landmark discoveries that reshaped Egypt's gas landscape, most notably the Zohr field. Since its discovery in 2015, Zohr, with estimated resources exceeding 30 trillion cubic feet (tcf), has positioned the Mediterranean Sea as one of the most important natural gas-producing regions. Zohr reached peak production in 2019, contributing 40% of Egypt's total output at that time. In 2025, output stabilized at levels above 23%, according to the Ministry of Petroleum and Mineral Resources (MoPMR) and Eni's Website.

Beyond Zohr, the Mediterranean has continued to generate a broader chain of discoveries that reinforced Egypt's offshore gas base, including Atoll, Nooros, Nargis-1, the West Nile Delta fields of Taurus and Libra, Giza and Fayoum, and Raven, as well as Mina West. Taken together, these discoveries show that the region's strategic weight is not tied to a single giant field, but to a wide network of offshore additions capable of sustaining reserves, offsetting natural decline, and maintaining production continuity through rapid, infrastructure-led development.

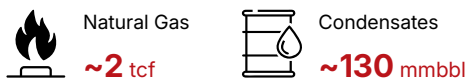
As some fields reach mature phases, maintaining output requires integrating additional discoveries that can be developed efficiently and connected quickly to existing infrastructure, ensuring uninterrupted supply flows.

### Development Potential of Denise West 1

Seen in this broader context, the announcement of Denise West 1 reflects the continuation of this dynamic and confirms that the Mediterranean Sea still holds significant potential to support Egypt's natural gas production.

The Denise West 1, drilled by Belayim Petroleum Company's (PETROBEL), is located in the offshore Denise area within the Temsah concession, off the coast of Port Said.

### Estimated Hydrocarbon Resources of Denise West 1



### Mediterranean Sea Natural Gas Production in 2025



### Zohr Field's Production Peak



\*Reached in 2019

Preliminary results indicate strong gas and condensates presence, pointing to a commercially meaningful hydrocarbon accumulation.

This adds an important economic dimension, as the presence of condensates enhances project value and improves overall commercial viability beyond dry gas production, according to the MoPMR.

### Development & Partnership Structure



Favorable technical and operational conditions significantly enhance the commercial potential of Denise West 1. The relatively shallow water depth of around 95 meters reduces drilling and development complexity, while the field's proximity to shore and existing infrastructure within Eni's Temsah concession enables fast-track development through tie-back solutions. In practical terms, this means lower capital expenditure and shorter time to first production, which directly improves project economics, according to the MoPMR.

### Drilling & Reservoir Highlights

Drilled Well	Drilling Rig	Drilling Company	Water Depth	Distance Offshore	Gas-bearing Sandstone Reservoir
Denise West 1	El Qaher 2	MDC	95 m	70 km	50 m

Currently, the well is being prepared for testing to determine production rates and reservoir performance. The development plan is expected to include an offshore production platform, along with appraisal and development wells, before integration into the national production system. While the final production potential will depend on testing outcomes and execution timelines, current indicators suggest a strong likelihood of fast-track development.

### Key Egyptian Economic Insights in March 2026

#### Annual Headline Inflation

**13.5%** +2 pp from February

#### Non-Oil Private Sector PMI

**48 pts** -0.9 pts from February

#### Net International Reserves

**\$52.831 Bn** +\$0.09 Bn from February

#### Avg Exchange Rate

**52 EGP/USD** 10.2% from February

### EGX Listed Petroleum Companies Performance in March 2026

Company Logo	Close Price	YTD Price Change	P/E*
	13.33 EGP	⬇️ 8.01%	14.93

Company Logo	Close Price	YTD Price Change	P/E*
	-	0%	3.89

Company Logo	Close Price	YTD Price Change	P/E*
	8.28 EGP	⬆️ 19.48%	6.89

Company Logo	Close Price	YTD Price Change	P/E*
	41.11 EGP	⬇️ 7.12%	18.42

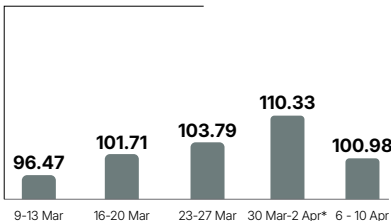
Company Logo	Close Price	YTD Price Change	P/E*
	17.55 EGP	⬆️ 10.46%	17.48

\*Price-Earnings Ratio (P/E): the ratio of a company's share price to the company's earnings per share.

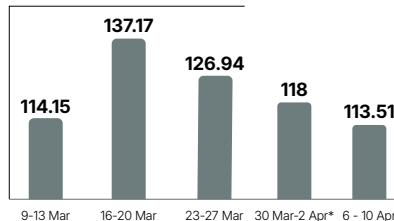
### Petroleum Pricing Highlights

#### Average International Prices

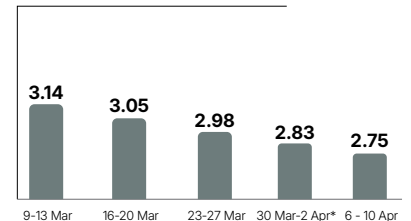
🛢 BRENT OIL (\$/BBL)



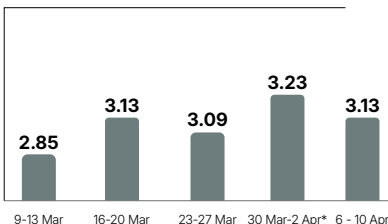
🛢 OPEC BASKET (\$/BBL)



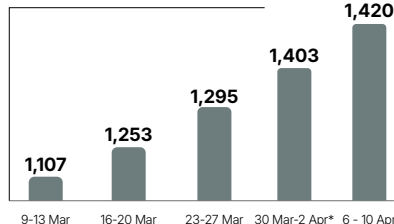
🔥 NATURAL GAS (\$/MMBTU)



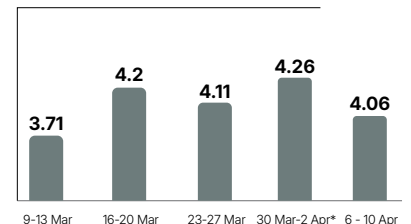
🛢 RBOB GASOLINE (NYMEX) (\$/GAL)



🛢 GAS OIL (NYMEX) (\$/MT)



🔥 HEATING OIL (NYMEX) (\$/GAL)



\* 3 April was a public holiday.



# Rewriting The Energy Equation™

Delivering radical new industrial outcomes.

Rethinking how we bring energy sources to the world.

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