

BENEATH THE SALT:
**EGYPT'S RED SEA
HUNT FOR
HIDDEN ENERGY WEALTH**



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Editor's Letter

Dear reader,

As the tender offer for the Red Sea concession closed at the end of June, Egypt Oil & Gas's July issue turns its lens on the territory's potential: its geological promise, extended infrastructure, and the incentives designed to attract investment. The Overview and Economic sections provide in depth coverage of these dimensions, mapping how geology, policy, and logistics converge to shape the basin's prospects.

Our Insightpiece examines the wave of privatization deals in the energy sector, probing why petroleum companies have become appealing targets, the challenges of divestment, and the lessons learned from earlier attempts.

On the technology front, the issue highlights a breakthrough in sustainable aviation fuel: producing it from agricultural waste rather than corn grain, using corn stover-the stalks, leaves, husks, and cobs left after harvest- as a new feedstock.

The Energy Transition article argues that Egypt's exports are evolving from barrels and cargoes to something less tangible but increasingly valuable: avoided emissions. Carbon credits, methane reduction, and clean hydrogen projects are laying the foundation for a carbon economy.

Meanwhile, our Political analysis explores what lies ahead for global energy markets as the conflict between Iran and the United States reaches its conclusion, assessing future scenarios for oil prices and shifts in trading routes.

This issue is a must read for anyone seeking to understand how Egypt's energy story is being rewritten- from concessions and privatisation to carbon markets and geopolitics.

Sherine Samir
Editor-in-Chief

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TOP FIVE NEWS

5

ENPPI, ELAB, and PMS Secure Temporary EGX Listings

The Engineering for the Petroleum and Process Industries (ENPPI), the Egyptian Linear Alkyl Benzene Company (ELAB), and the Petroleum Marine Services Company (PMS) are now officially temporarily listed on the Egyptian Exchange (EGX). The move marks the actual launch of the first phase of the petroleum sector's privatization program, which aims to maximize the utilization of state assets, broaden the ownership base, and increase private sector participation in the Egyptian economy.

The temporary listing is a structural phase where the company is placed on the exchange boards to establish governance and transparency as a precursor to sell a stake of the company either via an initial public offering or to an investor. This progression takes place following final financial valuations conducted by an independent certified financial advisor to determine the fair value of each company, ensuring optimal returns for both the state and investors.

The listings feature an issued capital of \$357 million for ENPPI, \$210 million for ELAB, and \$120 million for PMS, according to a statement by the Ministry of Petroleum and Mineral Resources (MoPMR).

Egypt's Petroleum Sector Records First Growth Since Q1 FY2023/24

The petroleum sector recorded 0.7% growth in the third quarter (Q3) of fiscal year (FY) 2025/2026, marking its first positive growth rate since the first quarter (Q1) of FY2023/2024, said Ahmed Rostom, Minister of Planning and Economic Development. Rostom noted during the Cabinet's weekly meeting that the improvement was driven by higher domestic production of crude oil, condensates, and liquefied petroleum gas (LPG), signaling a recovery in one of the country's most strategic economic sectors.

Crude Production Rebound

Total
>540,000 bbl/d

The sector's recovery has been aided by the government's clearance of outstanding payments to international oil companies (IOC). Arrears, which stood at around \$6.1 billion in June 2024, were gradually reduced through an accelerated repayment program before being fully settled in June 2026.

This step has encouraged international energy companies to expand their investments and advance oil and natural gas exploration and development projects in Egypt.

TAQA Arabia Drives Forward with Game-Changing 'Quick Fuel' Partnership

TAQA Arabia signed an agreement with the military-affiliated National Service Projects Organization (NSPO) to acquire a stake in 172 fuel stations operated under the "Wataniya" brand. The deal will take place through transferring the ownership of the stations to a newly established company, Quick Fuel for Petroleum Products Trading and Distribution, in which TAQA Arabia will acquire a 10% stake with an option to purchase an additional 15% once the company is listed on the Egyptian Stock Exchange (EGX).

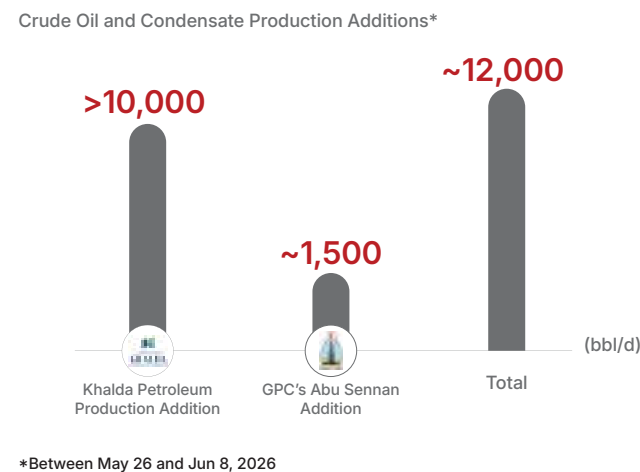
The agreement follows a comprehensive restructuring of the stations aimed at preparing them for expanded operations in partnership with the private sector. Beyond the initial acquisition, TAQA Arabia will assume the full management, operation, and development of Wataniya's extensive network. The Sovereign Fund of Egypt acted as advisor on the transaction, alongside a consortium of financial, legal, and accounting advisors.

Egypt Adds 12,000 bbl/d to Western Desert Output

As part of its strategy to boost domestic oil and gas output, the Egyptian oil and gas sector has added roughly 12,000 barrels per day (bbl/d) of crude oil and condensates to Western Desert production during the first half of June, the Ministry of Petroleum and Mineral Resources (MoPMR) announced in a statement.

This comes as Khalda Petroleum Company, a joint venture (JV) between the Egyptian General Petroleum Corporation (EGPC) and US-based Apache, has achieved a significant production leap by adding more than 10,000 bbl/d of crude oil and condensates in just two weeks, pushing up the company's production to around 123,500 bbl/d on June 8, 2026.

Also, the General Petroleum Company (GPC) has achieved its highest production levels since October 2024, with total output reaching around 74,500 barrels of oil equivalent per day (boe/d). This includes nearly 61,000 barrels of crude oil, reflecting the success of intensive development programs, improved field operating efficiency, and accelerated plans to raise production.



The exploratory well GPF 1X was brought on stream at a rate of about 1,500 bbl/d of crude oil, along with 1 million cubic feet of natural gas per day (mmcf/d). Drilling results also indicated positive signs of oil bearing formations in other layers, including North Bahariya and Abu Rawash. Plans are in place to continue testing and evaluation in the coming period, supporting opportunities to add new reserves and further increase production rates.

Badawi: Egypt's Total Crude Oil Production Exceeds 540,000 bbl/d

Egypt's total crude oil production has exceeded 540,000 barrels per day (bbl/d), marking a return to growth after a period of decline, Karim Badawi, Minister of Petroleum and Mineral Resources, said during a meeting with the leadership of the Egyptian General Petroleum Corporation (EGPC).

Badawi praised the efforts of EGPC and its affiliated companies for the increase, emphasizing their role in increasing production and ensuring secure fuel supplies through coordinated efforts across the petroleum value chain, noted a statement by the Ministry of Petroleum and Mineral Resources (MoPMR).

The Minister reaffirmed that safety remains the petroleum sector's top priority, stressing that protecting employees at production sites and company facilities is a fundamental responsibility. He also urged workers to prioritize their personal safety outside the workplace. He called for the continued development of practical ideas and initiatives to overcome operational challenges, attract new investments, increase production, accelerate project execution, and shorten the time required to bring newly discovered fields on stream.

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ACHIEVEMENTS

Mina West-1 Well Begins Initial Production at 45 MMcf/d of Gas

The initial production rates of the Mina West-1 well, part of the West Mina gas field development project in the Mediterranean Sea, came at approximately 45 million cubic feet per day (mmcf/d) of natural gas and around 1,000 barrels per day (bbl/d) of condensates.



The project is being developed by Rashid Petroleum Company (Rashpetco), a joint venture (JV) of Shell, Kuwait Foreign Petroleum Exploration Company (KUFPEC), Malaysia's Petronas and the Egyptian General Petroleum Corporation (EGPC).

Further testing and reservoir performance analysis indicated that production from the well could be increased to around 80 mmcf/d once it is tied into existing infrastructure, according to the ministry.

This falls within the framework of implementing the first phase of the West Mina field development plan, with investments estimated at around \$390 million, and applies the latest drilling and processing technologies to enhance production efficiency. This phase is planned to add 160 mmcf/d of gas, along with 3,000 barrels of condensate, during the fourth quarter (Q4) of 2026.

Sinai Offshore Fields Post Highest Daily Production Since 2017

Crude oil production from the Sinai Offshore Fields has reached its highest daily level since 2017, with output averaging around 27,000 barrels per day (bbl/d), a milestone that underscores the effectiveness of ongoing efforts to boost output from existing assets and optimize the utilization of Egypt's petroleum resources.

The Sinai Offshore Fields are being developed by Italy's Eni in collaboration with the Egyptian General Petroleum Corporation (EGPC).

INVESTMENTS

TAG Oil to Spud T-200 Well in Western Desert

Canadian explorer TAG Oil is set to commence drilling operations at the T-200 well in the BED-1 field, located in Egypt's Western Desert later this month, following the mobilization of the NDC-9 drilling rig.

The company confirmed that site preparation is already underway and all necessary regulatory approvals have been secured. The NDC-9 rig is scheduled to move to the BED-1 location before the end of June to prepare for the mid-July spud date.

"The T-200 well represents the next step in TAG Oil's ongoing evaluation of the Abu Roash Formation (ARF), and securing the NDC-9 drilling rig marks an important milestone," said Abby Badwi, Executive Chairman and CEO of TAG Oil.

"With site preparation and activities progressing as planned, we look forward to commencing drilling next month and further evaluating the production potential of this reservoir," Badwi added.

ENPPI Debuts in Oman with \$355 Mn Contract

The Egyptian Engineering for the Petroleum and Process Industries (ENPPI) has secured the Badr-North East Birba Integrated Project from Petroleum Development Oman (PDO), marking its first entry into the Omani market with a contract valued at \$355 million.

Under the turnkey deal, ENPPI will serve as general contractor, delivering EPC, pre commissioning, commissioning, and start up activities, along with six months of operational support post handover.

The project will boost gas processing capacity at the Birba Gathering Station (BGS) from 1.4 mmcm/d to 4.2 mmcm/d, while maintaining oil throughput at 4,000 cubic meter per day (m³/d). Scope also includes upgrades to gas handling systems to enhance efficiency and curb flaring.

Chevron Starts Drilling New Well at Nargis Gas Field

Karim Badawi, Minister of Petroleum and Mineral Resources, witnessed the launch of drilling operations for a new well at the Mediterranean Nargis natural gas field, to fast-track production from the field. The field is operated by US energy major Chevron Corporation in partnership with Italy's Eni, UAE's Mubadala Energy, and Egypt's Tharwa Petroleum Company.

Badawi inspected the onset of operations from aboard the Stena Forth drillship, which arrived in Egyptian waters earlier this week to commence the offshore campaign. He affirmed that the new well forms a core part of the ministry's strategy to motivate international oil companies (IOCs) to accelerate the development of unexploited gas discoveries like the Nargis field.

Ministry of Petroleum and Mineral Resources (MoPMR),said production rates in the area have climbed more than 50 % since the start of 2025, marking one of the strongest growth rates in decades.

The Ministry described this increase as an exceptional achievement compared to the natural decline rates typically expected in producing fields. The production surge generated a surplus exceeding 10,000 bbl/d of oil, contributing to cumulative output of more than 2.8 million barrels since January 2025.

It also noted that the achievement was driven by an intensive production enhancement program built on advanced technologies, improved operational efficiency, and minimizing downtime to the lowest levels.

EDC Begins Two-Year Drilling Campaign in Türkiye

The Egyptian Drilling Company (EDC), the drilling arm of Egypt's petroleum sector, has begun a new overseas operation with the deployment of the EDC 42 and EDC 52 drilling rigs in the Diyarbakir region of southeastern Türkiye.



The project is being implemented under a two-year contract between EDC and the Turkish Petroleum Corporation (TPAO) valued at \$43 million, according to the Ministry of Petroleum and Mineral Resources (MoPMR).

The ministry noted that both rigs began operations in April 2026 with the aim of drilling wells to depths of up to 15,000 feet.

EDC has completed the first drilling section of one of the wells, including casing and cementing operations, while drilling has reached a depth of about 2,200 meters.

The ministry added that EDC expects production to commence within a month, with initial output estimated at between 500 and 1,000 barrels per day (bbl/d).

AGREEMENTS

Egypt Signs Harbour, Eni Deals to Boost Gas Output

The Egyptian Natural Gas Holding Company (EGAS) has signed an agreement with Harbour Energy covering the onshore Desouq concession in the Nile Delta. Harbour will commit an initial \$6 million and a \$1 million signature bonus, with total investment potentially reaching \$18 million if new discoveries are developed.



Separately, the Egyptian General Petroleum Corporation (EGPC) concluded a memorandum of principles (MoP) with Italy's Eni to renew the offshore Port Fouad development area in the Mediterranean and its associated work program.

Minister of Petroleum and Mineral Resources Karim Badawi witnessed both signings, underscoring Egypt's drive to attract fresh investment, expand exploration, and strengthen natural gas production.

Egypt, ExxonMobil, QatarEnergy Partner on Cypriot Gas Link

Egyptian Prime Minister Mostafa Madbouly witnessed the signing of a memorandum of understanding (MoU) between the Ministry of Petroleum and Mineral Resources (MoPMR), ExxonMobil, and its partner QatarEnergy to maximize the use of Egypt's natural gas infrastructure and study its linkage with Cypriot gas fields.

The partnership will leverage the country's advanced gas infrastructure, particularly its liquefaction and export facilities. Linking this infrastructure with Cypriot gas discoveries is expected to boost the economic value of gas resources and foster regional energy integration across the Eastern Mediterranean.

Additionally, the MoU includes establishing a commercial framework aimed at maximizing the benefits of natural gas resources in both Egypt and Cyprus. This would reinforce Egypt's role as a key hub for energy trade and circulation in the Eastern Mediterranean, while generating shared economic benefits for all parties.

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SAUDI ARABIA

Saipem Secures €900 Mn Contract in

Saudi Arabia

Saipem has been awarded a new onshore Engineering, Procuring, and Construction (EPC) contract for the Uthmaniyah Gas Compression Plant in Saudi Arabia, with its share valued at about €900 million, according to a June 10 press release.



The award went to Saipem Nasser Saeed Al Hajri Contracting Company (SNSH), a oint venture (JV) between Saipem and Saudi based Nasser Saeed Al Hajri and Partners Company for Contracting (NSH). The project, scheduled for completion in three and a half years, covers EPC works for a new gas compression facility serving the Uthmaniyah non associated gas field in the Eastern Province.

The new plant is designed to extend the field’s production life and support Saudi Arabia’s rising energy demand. Commissioned in 1981, the Uthmaniyah gas plant is operated by Saudi Aramco and forms part of its Master Gas System, which processes associated gas from oil wells..

UAE

bp Secures 10% Stake in UAE's Bab Gas

Project

British Petroleum (bp) has signed a concession agreement with Abu Dhabi National Oil Company (ADNOC) and other partners to develop the Bab Gas Cap project in the United Arab Emirates (UAE), in which it will hold a 10% interest.



The project comprises three reservoirs in the onshore Bab Field, where bp will serve as the asset lead for the field. It is expected to produce up to 1.5 billion cubic feet of natural gas per day (bcf/d), according to bp’s statement.

bp said the project would support the UAE’s gas supply and feedstock requirements, in addition to ADNOC’s plans to expand liquefied natural gas (LNG) exports. Notably, TotalEnergies acquired on June 24 a 10% interest in the Bab Gas Cap Concession in Abu Dhabi.

ADNOC will hold a 60% stake, while the remaining interest will be shared among partners, including bp, France’s TotalEnergies, China’s CNPC International (8%), Japan’s INPEX (5%), China’s ZhenHua Oil (4%), and South Korean GS Energy (3%).

IRAQ

Iraq Launches First Northern Exploration Well Since 1978

Iraq’s Ministry of Oil has launched drilling operations for a new exploratory well in the northern provinces, marking the first exploration activity in the region since 1978, as part of efforts to expand the country’s hydrocarbon reserves.

The ministry stated that the project aims to unlock new oil and gas resources and strengthen upstream activities, particularly in underexplored areas in northern Iraq. The move comes as part of broader plans to boost reserves and enhance production capacity.

In parallel, the Ministry reaffirmed its ambition to increase crude oil production to 4.3 million barrels per day (mmbbl/d) in the near term, as part of a wider strategy to maximize output and support economic growth.

Officials highlighted that achieving this target will rely on intensified exploration campaigns, development of existing fields, and the adoption of advanced technologies to improve recovery rates.Iraq has been working to expand its upstream sector through increased drilling activities and investment in both mature and untapped fields.

The latest drilling initiative reflects the government’s commitment to revitalizing exploration in northern regions, which have historically faced operational and security challenges, while contributing to the country’s long-term production growth plans.

Iraq Moves to Diversify Oil Exports via Syria

Iraq is preparing to export crude oil and naphtha through Syrian ports after the Iran war disrupted its main Gulf shipping routes, according to Iraqi and Syrian energy officials and refinery sources, Reuters reported.

The move expands an existing arrangement under which Iraq has been exporting fuel oil via Syria’s Mediterranean port of Baniyas following the effective closure of the Strait of Hormuz, which significantly curtailed export routes for Organization of the Petroleum Exporting Countries (OPEC)’s second-largest producer.

Officials said the plan to diversify export routes, including through Syria, will continue even after the conflict ends and Hormuz reopens, as part of a government strategy to reduce reliance on southern export terminals. Before the war, Iraq exported around 3.6 million barrels per day (mmbbl/d), with about 3.4 mmbbl/d

shipped through Basra. Oil ministry spokesperson Saleem al-Rikabi said state marketer SOMO is continuing discussions with Syria to expand cooperation, while Syrian Petroleum Company confirmed ongoing operations at Baniyas despite expectations of the strait reopening.

Syria is set to open two additional unloading areas and new facilities at Baniyas within a week to handle Iraqi crude and naphtha. The port can currently process around 900 tanker trucks per day, with initial crude flows expected at about 50,000 bpd once loading infrastructure is ready.

LIBYA

Libya’s Oil Output Nears 1.5 mmbbl/d, Highest Since 2013

Libya’s oil production is approaching the 1.5 million barrels per day (mmbbl/d) milestone, according to the National Oil Corporation (NOC), Libya’s state-owned oil company.

The NOC announced that crude oil production reached 1.43 million barrels (mmbbl), while condensate output stood at 49,163 bbl/d, bringing total daily production to 1.5 mmbbl.

This marks the highest production level recorded since 2013, moving Libya closer to its previously stated target of producing 1.5 mmbbl/d of crude oil.

During a meeting held at the NOC headquarters in Tripoli, the Chairman of the Board of Directors, Masoud Suleman, commended the efforts of national oil companies and the workforce across all operational levels. He highlighted their commitment and resilience in maintaining operations despite ongoing challenges.

Suleman also praised the role of department directors for their continuous monitoring of operations across oil fields and production sites, as well as their swift response to operational developments and support for field personnel.

The NOC Chairman emphasized the importance of sustaining current production momentum to achieve the targeted output by the end of 2026, supporting Libya’s economic recovery and growth. Libya, home to Africa’s largest proven oil reserves, produced around 1.7 mmbbl/d before the 2011 uprising. Since 2011, the country has faced years of production disruptions due to political instability and conflict. Efforts to stabilize output have been central to the country’s economic recovery.

Eni, NOC Bring Sabratha Compression Project Online to Boost Libya’s Gas Production

The energy major, Eni, in partnership with Libya’s National Oil Corporation (NOC) through the Mellitah Oil and Gas joint venture (JV), has started hydrocarbon production from the Sabratha Compression Project, an offshore development aimed at sustaining and increasing gas output from the Bahr Essalam field.



Located about 100 kilometers (Km) off the Libyan coast, the project includes the installation of a new 1,600-ton compression module on the Sabratha platform. The module is equipped with new compression trains, providing a total compression capacity of approximately 440 million standard cubic feet per day (mmscf/d).

According to Eni, the new compression system enables production under low-pressure conditions, helping offset the natural decline of the Bahr Essalam field and maximize gas recovery. The project is expected to increase gas production by around 800 million cubic meters (mmcm) annually, in addition to associated condensate volumes.

NIGERIA

Baker Hughes Wins Lifecycle Services Contract in Nigeria

Baker Hughes has secured a contract from ANOH Gas Processing Company (AGPC) to deliver comprehensive lifecycle services for turbomachinery equipment at the ANOH Gas Processing Plant in Nigeria, the company said in a statement.



The agreement covers spare parts supply, maintenance and repair services, as well as engineering advisory, in addition to the deployment of Baker Hughes’ iCenter™ digital solutions to support plant operations.

The contract reinforces Baker Hughes’ positioning as a lifecycle solutions provider and builds on its longstanding relationship with AGPC. According to Baker Hughes, in 2019, the company delivered an integrated power island solution for the greenfield facility, including two NovaLT™16 gas turbines — the first units of their kind supplied in Sub-Saharan Africa — alongside compressors and gear systems.

Under the new agreement, Baker Hughes will provide maintenance services for critical equipment at the plant, including the two NovaLT™16 gas turbines. The scope also includes remote monitoring and diagnostics through iCenter™, powered by the Cordant™ platform, aimed at enhancing reliability, availability and operational efficiency.



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Fast-Track Fields

How Egypt Is Accelerating the Journey from Discovery to First Gas



By Mariam Ahmed & Abdullah Mostafa

The pace at which natural gas discoveries are converted into commercial production is becoming an increasingly important competitive advantage in the global upstream industry. While global natural gas demand continued to grow by around 1% in 2025, upstream oil and gas investment declined by around 6% year-on-year (YoY) to \$542 billion, according to the International Energy Agency (IEA). As investors increasingly prioritize capital discipline and faster returns, projects with shorter development cycles and lower execution risks are gaining greater attention.

However, bringing a discovery into production remains a complex process, with timelines varying significantly according to geology, infrastructure availability, and regulatory frameworks. Offshore developments, in particular, often require years before reaching first gas, according to the Overseas Development Institute (ODI).

The Traditional Upstream Model

Natural gas projects have traditionally followed a sequential development pathway, progressing through exploration, appraisal, development, production, and eventually closure.

Each phase involves distinct technical, financial, and regulatory activities, and the timing of these phases varies considerably from one project to another, according to the Overseas Development Institute (ODI).

The multi-stage nature of the traditional upstream model results in long development timelines before commercial production can begin. As shown in the examples below, several major offshore projects required many years to progress from discovery to first production.

 Field Johan Sverdrup	Location	North Sea, Norway
	Discovery Date	2010
	First Production	2019
	Time to First Gas/Oil	~9 years

 Field Leviathan	Location	Eastern Mediterranean, Israel
	Discovery Date	2010
	First Production	2019
	Time to First Gas/Oil	~9 years

The long development timelines shown above reflect the technical and infrastructure challenges associated with large offshore projects. Johan Sverdrup required phased development and large-scale offshore infrastructure, including multiple production platforms, subsea systems, and a power-from-shore solution, according to Equinor. Similarly, Leviathan required a complex deep-water offshore development, including the drilling of four production wells to an average depth of 5 km below sea level, the installation of a subsea transmission pipeline, and the construction of dedicated offshore processing facilities, according to Chevron.

Why the Global Model is Slowing Down

The traditional discovery lifecycle has stretched considerably over the past few decades due to three structural forces, according to the Global Energy Monitor (GEM).

Three Forces Slowing the Discovery Cycle

Resource Depletion The industry has worked through most of its easily accessible reserves, pushing operators into deepwater, high-pressure/high-temperature, and remote frontier acreage. These settings demand longer appraisal periods and more complex engineering than the shallow, well-mapped plays that defined mid-century production.	Coordination Complexity Modern developments rely on long chains of sequential, interdependent work spread across specialised contractors, and the safety and quality protocols governing that work leave little room for compression without introducing real risk.
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Investment Climate

It has become a drag on project timing rather than a neutral backdrop. The IEA has pointed out that longer lead times leave projects more exposed to regulatory shifts, cost overruns, and changing demand patterns, particularly since a project greenlit today may not deliver its first revenue until the late 2030s, by which point the policy and market assumptions underpinning it could look very different.

Egypt's Fast-Track Model

Infrastructure-Led Exploration Strategy

Egypt's fast-track model fundamentally reverses the traditional upstream development logic. Instead of building infrastructure after discovery, Egypt leverages pre-existing offshore assets to accelerate time-to-market. This approach transforms exploration from a standalone, capital-intensive process into an infrastructure-anchored optimization strategy, according to the Ministry of Petroleum and Mineral Resources (MoPMR).

1. Pre-Built Infrastructure Base

Egypt's Mediterranean basin leverages a mature, integrated gas infrastructure network, including offshore processing facilities, subsea pipelines, and liquefied natural gas (LNG) export terminals. This existing asset base enables newly discovered resources to be rapidly commercialized without requiring greenfield infrastructure buildout, effectively limiting one of the longest phases in the upstream value chain.

Discovery Spotlight

The discoveries behind this strategy illustrate both mechanisms in practice. Nooros reached production within two months of the July 2015 discovery by tying directly into the Abu Madi treatment plant 25 kilometers (km) away. Mina West, sanctioned in July 2025 after an October 2023 discovery, follows the same logic at a larger scale, developed as a subsea tie-back into the West Delta Deep Marine (WDDM) network rather than a standalone platform, as announced on the Eni and Shell websites.

Denise W-1, discovered in April 2026, sits within 10 km of the Tamsah complex and was flagged as fast-track development potential, according to bp.

2. Tie-Back Development Model

At the execution level, Egypt systematically deploys tie-back development strategies, connecting discoveries to existing infrastructure rather than constructing standalone facilities. This approach significantly reduces capital expenditure, compresses engineering timelines, and allows for parallel progression of appraisal and development phases.

Nidoco N-2 pushes the same logic further: drilled onshore using directional drilling to a shallow offshore target just 3 km out, under 2 km from existing facilities, it required no offshore rig at all, according to the MoPMR.

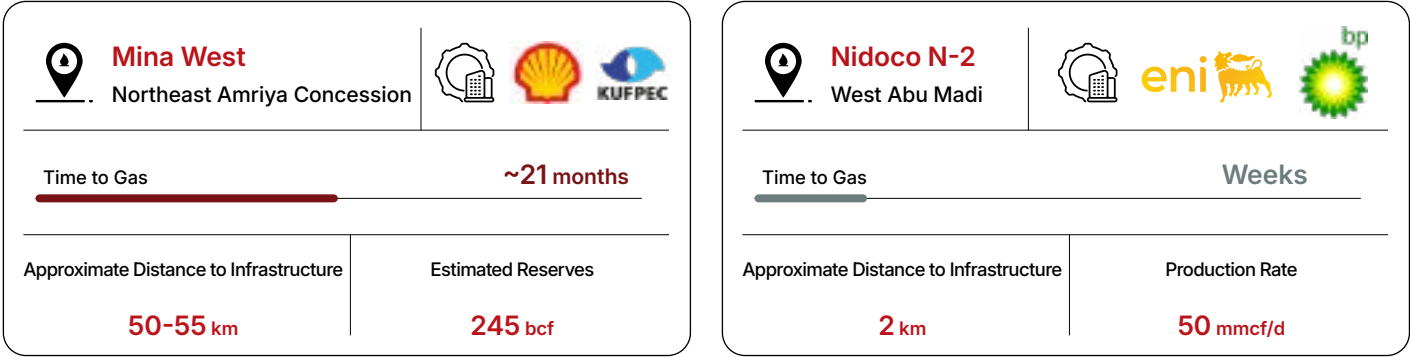
Zohr gas field represents a distinct case, its scale, exceeding 30 tcf, made integration with existing infrastructure unfeasible, requiring a fully standalone development. Eni reached the Final Investment Decision (FID) within six months of discovery and brought in partners such as bp and Rosneft during development, using equity sales to accelerate financing. As a result, Zohr achieved its first gas in under two and a half years, according to Eni.

 Zohr Shorouk Concession	 
Time to Gas 2.5 years	
Estimated Reserves 30 tcf	

 Nooros Nile delta	 
Time to Gas 2 months	
Approximate Distance to Infrastructure 25 km	Estimated Reserves 2 tcf

 Denise W-1 Tamsah Concession	 
Approximate Distance to Infrastructure 10 km	Estimated Reserves 2 tcf

 South Bostan-1X Meleha Concession	 
Approximate Distance to Infrastructure 10 km	Estimated Reserves 330 bcf



FROM INCLUSION TO DIVERSITY:

WOMEN LEADING ENERGY FORWARD

The energy industry is experiencing one of the most complex periods in its history. Geopolitical tensions, shifting supply chains, economic uncertainty are redefining how companies operate and compete. In this environment, building resilient organizations requires more than technical expertise and financial strength, it demands leadership that embraces diverse perspectives and unlocks the full potential of its workforce.

Against this backdrop, Egypt's Women in Energy Network (EWiEN) held in June its second edition of its Lead Woman event, hosted by Italian energy company Eni. The Company was represented by Francesco Gasparri, Managing Director of IEOC, Eni's subsidiary in Egypt.

Established in 2022 under the Egypt Oil & Gas Committee, the EWiEN network has rapidly expanded its reach while remaining focused on one core objective: enabling women across the energy value chain to achieve their full potential.



“The leaders who endure are those who govern with empathy and resolve, who look beyond quarters to longer horizons. These are the qualities women bring to leadership in abundance.”

Hala El Said Economic Advisor to President Abdel Fattah El Sisi and former Minister of Planning and Economic Development

“EWiEN has been here since 2022, and has been growing and evolving very rapidly. However, its vision remains the same: that every woman in the energy industry achieves her full potential,” said Eleanor Rowley, Managing Director of Capricorn Energy Egypt and Chair of EWiEN, in her opening speech.

Running under the theme “Women Powering Energy: Own Your Real Power”, the event gathered energy industry leaders in high level discussions that aimed at empowering women leaders to

shape outcomes, engage stakeholders, and lead with confidence in complex environments.

“The leaders who endure are those who govern with empathy and resolve, who look beyond quarters to longer horizons, who build consensus instead of issuing commandments, and who make space at the table for voices unlike their own,” said Hala El Said, Economic Advisor to President Abdel Fattah El Sisi and former Minister of Planning and Economic Development.

“These are the qualities women bring to leadership in abundance. What they have too often been denied is not the capacity to lead, but the invitation,” she added.

Currently, Egyptian women enroll in universities at rates far higher than men. Also, between 2016 and 2024, women's financial inclusion rose nearly 300% with 24 million Egyptian women now hold accounts of their own, El Said noted in her opening speech.

As El Said sees it, these achievements did not happen by chance. They were built patiently and deliberately through institutions such as the National Council for Women and the National Training Academy, which are preparing a new generation of women to lead in government, business, and technology.



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Eleanor Rowley
Managing Director of Capricorn Energy Egypt,
Chair of Egypt's Women in Energy Network (EWiEN)

Diversity as a Competitive Advantage

The event featured a powerful discussion titled “Evolving Leadership in Energy: Unlocking Impact and Shaping the Path Forward,” where the debate revolved around how diversity of leaders shapes better decisions, stronger governance, and more resilient future.

Drawing on nearly three decades of international experience in US Chevron, Channa Kurukulasuriya, Country Manager of Chevron Egypt, reflected on his experience working across different cultures that shaped his perspective on leadership and inclusion.

In an industry defined by technical complexity and multiple stakeholders, Kurukulasuriya explained that gender diversity brings different perspectives, and a greater degree of emotional intelligence which helps to build stronger teams. These diverse perspectives enrich the work experience for everyone and ultimately drive more durable and sustainable outcomes.

A keynote to achieve that, Channa added that “we all have superpowers, and our voice is the most powerful of them all. Skills, competency, and distinguished careers matter, but without a voice that is heard, they lose significance. Whether you are just starting out or already in a leading role, recognize the strength of your voice and use it to communicate, to influence, and more importantly to be heard.”

Beyond Representation: Rethinking Governance

While diversity strengthens day-to-day leadership, its impact is even more significant in the boardroom. Hala Barakat, Director of the Entrepreneurship and Innovation Center and Women on Boards



“For companies, real change requires culture and a full leadership pipeline. Invest in women leaders so they can reach their highest potential.”

Hala Barakat
Director of AUC's Entrepreneurship and Innovation Center, and Women on Boards Observatory

Boards Observatory at The American University in Cairo (AUC), explained that homogeneous boards are more vulnerable to groupthink, while diversity of gender, age, and professional background strengthens strategic decision-making and governance.

She emphasized that board diversity is not simply about increasing women's representation but about improving governance. She noted that bringing together diverse perspectives helps boards make more balanced, informed decisions, particularly in complex, capital-intensive sectors such as oil and gas.

Citing a McKinsey study, Barakat noted that companies with more diverse boards are 25% more likely to outperform financially than those with less diverse boards. She added that Egyptian research reached similar conclusions, demonstrating that diverse boards strengthen governance, improve risk management, and enhance investor confidence, particularly as environmental, social, and governance (ESG) considerations play an increasingly important role in investment decisions.

Despite this progress, Barakat argued that the challenge is no longer finding qualified women for leadership roles. More than 1,200 women have already been trained to serve on corporate boards through AUC's Women on Boards Observatory. The greater challenge now, she said, is expanding opportunities beyond the familiar faces who repeatedly occupy leadership positions.



“Whether you are just starting out or already in a leading role, recognize the strength of your voice and use it to communicate, to influence, and more importantly to be heard.”

Channa Kurukulasuriya
Country Manager of Chevron Egypt

As a key takeaway message, she stated that “My advice for women: don't be shy. Champion yourself. Showcase what you can do because you can do a lot, even more than you realize. For companies, real change requires culture and a full leadership pipeline. Invest in women leaders so they can reach their highest potential.”

Leading with Courage, Authenticity, and Purpose

During the panel, Mona Al Adawy, Founder and CEO of GeoEnergy, shared her leadership journey. Stepping away from her career as a geologist to care for her first child became the catalyst for building her own company, one that has since grown into a regional group serving clients across the Middle East and Africa.

Al-Adawy said success is driven not only by technical expertise and business knowledge but also by resilience and the willingness to embrace uncertainty. She emphasized the importance of making decisions even when the direction is not fully clear, adding that true leadership is about maintaining momentum, remaining committed to a long-term vision, and turning challenges into opportunities.

Highlighting the qualities women bring to leadership, Al-Adawy said that: "Commitment, emotional intelligence, attention to details, and the ability to see the bigger picture, these are qualities women bring to leadership. They build relationships, engage stakeholders, and create collaborative moments filled with empathy."

The event concluded with an inspiring Leadership Development Training Session led by Rania Abu Rabia, Executive Leadership Facilitator and Coach at AUC and Founder of THINK, THINK is a company specialized in offering leadership and well-being programs.

Participants were engaged in dynamic activities, reflecting on their leadership journeys, exchanging experiences, and gaining practical insights on driving change with confidence and authenticity.

By the end, they were equipped with concrete tools and approaches to apply immediately in their day-to-day leadership situations, strengthening their voice and moving from simply being part of the system to actively shaping outcomes.



💖 **Commitment, emotional intelligence, attention to detail, and the ability to see the bigger picture, these are qualities women bring to leadership. They build relationships, engage stakeholders, and create collaborative moments filled with empathy.** 💖

Mona Al-Adawy
Founder and CEO of GeoEnergy



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BENEATH THE SALT: EGYPT'S RED SEA HUNT FOR HIDDEN ENERGY WEALTH

By Samar Samir

Egypt's Red Sea offshore province is moving from a long-neglected frontier into a strategic exploration target. Long overshadowed by the mature, fragmented brownfields of the Gulf of Suez and the Western Desert, the basin now sits at the intersection of geology, policy, and investment strategy. Through this alignment, Egypt seeks to transform a high-risk, technically challenging deepwater province into a commercially credible exploration play.

The subsurface challenge

Geographically, the exploration area offshore the Red Sea stretches from the southern mouth of the Gulf of Suez below Hurghada to Egypt's maritime border with Saudi Arabia near Halayeb and Shalateen. The contrast with Egypt's mature producing provinces is clear. While the Gulf of Suez consists of tightly packed and heavily drilled blocks, the Red Sea remains largely undeveloped, with large frontier acreage still awaiting definition.

The Red Sea is a deep underwater basin formed when the African and Arabian plates separated. That movement created a basin with strong oil and gas potential, but it also left behind thick layers of underground salt that made it very hard to see what was below the seabed. For years, those salt layers distorted seismic images, which led companies to drill in the wrong places and get weak results, causing the basin's real potential to be underestimated, according to a 2025 peer-reviewed study in *Scientific Nature*.

Abdelaziz Khlaifat, Professor of petroleum engineering and chair of the Petroleum and Energy Engineering Department at The American University in Cairo (AUC), said these salt layers also affect how reservoirs behave. He explained that they act like seals, trapping pressure underground and limiting the movement of fluids. As a result, hydrocarbons are more likely to move along faults, salt edges, and other limited pathways, unlike in the Gulf of Suez, where faulting plays the main role in how fluids move and how reservoirs are split up.

This reservoir physics distinction is commercially critical: it means that explorers coming from the Gulf of Suez cannot simply apply familiar analogues to the Red Sea. Each sub-salt prospect demands its own pressure architecture assessment, elevating the value of the newly reprocessed seismic library and making pre-drill engineering more demanding, but also more decisive.

The Area's Potential

The dominant strategic target in the deepwater southern and central blocks is natural gas and condensates. Structurally, the basin is widely expected to mirror the sub-salt gas trends of the prolific East Mediterranean — the same geological logic that yielded the 30 tcf Zohr giant off Egypt's northern coast. Oil remains relevant in the northernmost shallows near the Gulf of Suez transition zone, where natural hydrocarbon seepages documented at Jabal al-Zeit confirm an active petroleum system is firmly in place.

Egypt's Red Sea is moving from a long-neglected frontier into an exploration target. Long overshadowed by the Gulf of Suez and the Western Desert, the basin now sits at the intersection of geology and investment strategy.

The leading global energy data and intelligence company TGS's multi-client seismic library estimates that the Egyptian Red Sea holds a mean undiscovered recoverable resource of 5 billion barrels of oil and 112 trillion cubic feet (tcf) of natural gas.

However, exploration activity remains limited. Although the offshore basin covers around 70,000 square kilometers, only 14 exploration wells have been drilled by six companies, according to SLB's Egyptian Red Sea seismic program overview. Yet approximately 77% of these wells reportedly encountered hydrocarbon indicators, suggesting that the basin's issue has been less about a lack of promise and more about a lack of clear imaging and sustained investment appetite.

But what does that ratio actually mean at the reservoir scale? Khlaifat cautions against over-reading it as proof of basin-wide commercial continuity: "The high percentage of wells encountering hydrocarbon shows, despite the very low drilling density, suggests that an active petroleum system is present across much of the Egyptian Red Sea. However, this does not necessarily mean that commercial accumulations are continuous. Given the area's complex faulting and salt-related structures, hydrocarbons are likely concentrated within individual structural or stratigraphic traps."

For explorers, this means seismic imaging becomes a critical determinant of drilling success.

The E&P Landscape: IOCs, Blocks, and the Bid Round

The basin's strong international presence reflects the confidence major companies still place in its long-term potential. British Shell operates Blocks 3 and 4 with QatarEnergy holding 17% interests, alongside Australian BHP and Egypt's Tharwa Petroleum, while British Petroleum (bp) operates Block 6. All three blocks are located in Egypt's northwest Red Sea offshore area, just south of the Gulf of Suez, and so far they remain exploration blocks with no reported commercial production yet.

Egypt has also accelerated licensing efforts. In November 2025, Karim Badawi, Minister of Petroleum and Mineral Resources, announced a new international bid round covering four offshore blocks across approximately 23,000 square kilometers. Managed through Ganope and the Egypt Upstream Gateway (EUG) platform, the round attracted increased interest prompting an extension of the submission deadline. The bid has four offshore blocks, RS-1 through RS-4, offered across a large frontier area, signaling Egypt's intention to position the basin as a long-term strategic province rather than a speculative opportunity. At the same time, Ganope signed agreements with bp and SLB at Egypt Energy Show (EGYPES) 2026 to expand exploration activity and deploy advanced seismic technologies across the basin.

All of those steps suggest that this area could be promising and attractive to foreign investors. Moreover, market adjustments, including farm-outs and extended deadlines, should not necessarily be viewed as signs of weakness. Frontier basins commonly undergo periods of risk reassessment and capital reallocation before exploration activity accelerates.

Data, imaging, and cost

The biggest shift in the Red Sea story is better subsurface imaging. A 2022 seismic campaign gathered narrow-azimuth (NAZ) data across the basin, later reprocessed in 2023 with elastic full-waveform inversion (eFWI) technology and supported by gravity

and magnetic surveys, giving a clearer view beneath the salt layer. SLB and energy data company TGS now offer more than 28,000 kilometers of 2D seismic data and about 4,000 square kilometers of 3D coverage, helping reduce uncertainty before drilling and making the basin look less like a blind gamble.

For the first time in Egypt's upstream sector, the latest Red Sea bid round also introduced the R-Factor model, a profitability-based production-sharing system that adjusts the state and contractor split according to project returns. As Khlaifat noted, "The southern Red Sea presents significant technical challenges due to its deepwater setting, complex salt structures, and limited exploration history. Drilling operations must address pressure uncertainty, wellbore stability, and subsalt imaging difficulties. Completion design is complicated by high-pressure conditions and limited reservoir information." It is precisely this engineering complexity that makes the R-Factor a structural necessity rather than a negotiating concession.

💡 **The high percentage of wells encountering hydrocarbon suggests that an active petroleum system is present across much of the Egyptian Red Sea. However, this does not necessarily mean that commercial accumulations are continuous.** 💡

Abdelaziz Khlaifat

Professor of petroleum engineering and Chair of the Petroleum and Energy Engineering Department, The American University in Cairo (AUC)

The route to market

Any Red Sea discovery will still need a commercial path to market, and that is where Egypt's infrastructure becomes a strategic advantage. For oil, proximity to the Suez Canal and the Suez-Mediterranean (SUMED) pipeline offers access to export routes and domestic processing infrastructure. The pipeline, linking Ain Sokhna and Sidi Kerir, provides transport capacity of approximately 2.5 million barrels per day.

Gas is even more closely tied to Egypt's broader energy system. A major offshore gas discovery in the southern Red Sea would likely need to be tied into the national grid and, depending on scale and location, connected to LNG infrastructure at Idku or Damietta.

In the end, infrastructure does not remove exploration risk, but it lowers the commercial barrier if a find is made. For deepwater frontiers, that can be just as decisive as geology.

A more viable basin

The next phase of Red Sea development will depend on whether Egypt can continue converting geological potential into investment opportunities. Sparse drilling activity, difficult salt imaging, and high costs have historically slowed exploration. However, improvements in seismic data, clearer licensing structures, and fiscal reforms suggest a more practical framework is emerging.

The Red Sea remains a frontier basin, but it is increasingly becoming one that operators can evaluate with greater confidence.

RED SEA REFORMS: FROM FRONTIER PROMISE TO CAPITAL FLOW

By Sarah Samir

Egypt's Red Sea oil and gas sector has long been described as a frontier of untapped potential, yet persistent fiscal and operational hurdles have nevertheless kept international oil companies (IOCs) at arm's length. As a consequence, bid rounds have been delayed, arrears have accumulated, and investor confidence has faltered—leaving exploration opportunities more theoretical than tangible. Today, by contrast, Egypt is recalibrating its approach. By extending bid rounds with clearer timelines, settling arrears to restore trust, and introducing cash-flow guarantees to stabilize IOC revenues, the government is signaling a pragmatic shift from fragmented fixes to a coherent investment strategy. Taken together, these measures, coupled with targeted fiscal reforms, aim to reposition Egypt as a competitive deepwater exploration hub, transforming latent promise into actionable capital flows.

Unlocking Opportunities

“The Egyptian Red Sea remains one of the world's last underexplored frontier basins. Unlike the mature hydrocarbon provinces of the Gulf of Suez, Western Desert, and the Mediterranean, exploration activities in the Egyptian Red Sea are still at a relatively early stage. To date, exploration efforts have been primarily limited to regional and basin scale seismic acquisition campaigns, with only preliminary geological and geophysical assessments completed,” Wael Attia, Egypt Country Manager at Pacific Oil Limited Company, a privately-owned oil & gas company with a business portfolio across the MENA region, tells Egypt Oil & Gas.

“Consequently, it would be premature to identify companies that have already achieved commercial hydrocarbon yields in the Egyptian Red Sea,” Attia points out.

Nevertheless, building on this context, new seismic analysis confirms the basin's high potential, highlighting favorable petroleum systems and structural plays. This in turn has attracted major IOCs, driving strong interest in recent licensing rounds by the South Valley Egyptian Petroleum Holding Company (Ganope), according to Attia.

Egypt's Red Sea licensing round was launched in November 2025, offering exploration opportunities across four offshore blocks (RS-1 to RS-4). The original closing date of May 3, 2026, was extended to June 29, 2026, reflecting both strong investor interest and the government's effort to maximize participation. Ganope explained that

the extension was intended to give companies more time to prepare competitive submissions, according to the Egypt Upstream Gateway (EUG). Moreover, investor momentum was further demonstrated at industry events such as the Society of Exploration Geophysicists (SEG) Cairo Annual Conference and Egypt Energy Show (EGYPES) 2026, where bp and SLB finalized agreements to deploy advanced seismic technology in the Red Sea.

In tandem with these efforts, Egypt has also introduced a profitability-based production-sharing model (R-Factor), which automatically adjusts fiscal terms to reflect investment returns. This mechanism is designed to make Red Sea acreage more commercially

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Wael Attia

Egypt Country Manager at Pacific Oil Limited Company

attractive and reduce investor concerns about opaque fiscal structures. In this context, Attia notes that “Ganope has introduced an attractive contractual framework with competitive fiscal incentives and investment-friendly terms designed to encourage exploration risk-taking and attract new capital into this frontier area.”

Bolstering the Investment Climate

Financial stability is critical for attracting exploration capital, and Egypt's arrears to IOCs have long been a deterrent. Outstanding debts once exceeded \$6 billion, chilling investor appetite. Against this backdrop, on June 10, 2026, Egypt fully settled its outstanding arrears to foreign oil and gas partners, a move designed to restore investor confidence, stimulate fresh capital injection, and accelerate critical exploration and research activities. This accomplishment follows a dedicated effort over the past year to address a financial burden that had previously constrained the sector.

Additionally, “financial and regulatory reforms also play a critical role in investment decisions. Improved fiscal terms, streamlined licensing procedures, greater contractual flexibility, and enhanced mechanisms for cost recovery and profit sharing significantly improve project economics and help offset the elevated geological and operational risks associated with frontier basin exploration,” Attia emphasizes.

Egypt's fiscal reforms go beyond arrears clearance. Specifically, new tax incentives, profit-sharing adjustments, and risk-sharing clauses are being rolled out to improve project economics. In particular, the R-Factor model ensures that fiscal terms evolve with profitability, while contractual flexibility allows operators to better manage exploration risk. Ultimately, these reforms are designed to make Egypt's Red Sea blocks competitive against other global deepwater frontiers.

Rather than piecemeal fixes, therefore, Egypt is integrating bid round reforms, arrears settlement, and cash-flow guarantees into a coherent strategy. This plan positions Egypt as a credible frontier hub in global deepwater exploration. With 101 exploratory wells planned by 2026 and 480 wells targeted by 2030, the scale of ambition is clear. If these initial exploration campaigns succeed, a substantial wave of follow-on investments across the value chain is expected.

The Economic Potential of the Red Sea Basin

Successful Red Sea developments could generate significant macroeconomic benefits. Expanded exploration and production would reduce Egypt's import bill, strengthen foreign currency reserves, and contribute to GDP growth. Moreover, spillover effects include higher LNG export volumes, downstream industrial expansion, and job creation. Attia highlights that beyond upstream expenditures, “successful Red Sea developments would create broader economic benefits by stimulating local content, service industries, logistics, maritime support activities, and regional industrial development.”

“Therefore, if exploration results prove successful, the Red Sea has the potential to become one of Egypt's most important new hydrocarbon growth areas and a major destination for sustained energy sector investment in the years ahead,” according to Attia. Consequently, “any commercial discoveries would require significant investments in gathering systems, offshore and onshore pipelines, gas processing plants, storage facilities, marine terminals, and associated support infrastructure. These developments could collectively represent investments worth several billions of dollars over the coming decade,” he notes.

●● **Historically, the Red Sea has been under-explored, resulting in a scarcity of well data compared to more mature basins, increasing exploration risk. More wells mean more data mean more information and more approaches.** ●●

Hesham Al Khateeb

Geologist

Overcoming Barriers

Despite fiscal reforms, operational risks remain. Hesham Al Khateeb, Geologist who has proven track record in Exploration and Development for more than 30 years, points to thick salt deposits, complex tectonics, rugged seafloor topography, and extreme high-pressure, high-temperature environments as major challenges. These conditions demand advanced seismic imaging, specialized drilling technologies, and stringent environmental safeguards to protect the Red Sea's pristine ecosystems.

Al Khateeb further highlights the challenging limited well data, stating that “Historically, the Red Sea has been under-explored, resulting in a scarcity of well data compared to more mature basins, increasing exploration risk. More wells mean more data mean more information and more approaches” Geopolitical risks also loom, with maritime security in the Red Sea a persistent concern. Nevertheless, if reforms are sustained and exploration programs deliver commercial yields, IOC participation is likely to rebound.

“To overcome these challenges, operators must increasingly leverage advanced technologies and integrated approaches: Advanced Multi-Client 3D Seismic and Imaging: Modern seismic surveys, including advanced multi-client 3D seismic and full-waveform inversion (FWI), are crucial for improving subsalt imaging and resolving complex geological structures” Al Khateeb explains.

Moreover, innovation is also critical for Red Sea exploration. Al Khateeb points out that “Innovations in drilling technology are essential for operating in high-pressure, high-temperature (HPHT) environments and through challenging salt formations.”

Al Khateeb further highlighted the importance of infrastructure, pointing out Saudi Arabia's example where “the East-West Pipeline exemplifies a critical logistical solution, providing export flexibility and mitigating geopolitical risks associated with other shipping lanes.”

Egypt's Red Sea reforms mark a decisive shift from fragmented fixes to a coherent investment strategy. By clearing arrears, extending bid rounds, and introducing cash-flow guarantees with profitability-based fiscal models, Egypt is laying the foundation for renewed IOC engagement. Success, however, will depend on overcoming technical, geopolitical, and environmental hurdles. If commercial discoveries follow, the basin could unlock billions in investment, strengthen reserves, expand Liquefied Natural Gas (LNG) exports, and generate jobs—turning frontier promise into lasting economic resilience.

CORN WASTE TO JET FUEL: FROM FIELDS TO FLIGHT

By Doaa Ashraf

In times of geopolitical uncertainty, energy security suddenly becomes more than an economic concern, it becomes a strategic imperative. The recent US-Israeli war on Iran served as another reminder of just how vulnerable the aviation sector remains to disruptions in global energy markets.

The Middle East, the world's largest supplier of aviation fuel, saw its exports severely disrupted during the conflict. The closure of the Strait of Hormuz halted around 400,000 barrels per day (bbl/d) of jet fuel exports, driving European spot prices to record highs of more than \$200 per barrel in April, according to Reuters. Following the reopening of the strait, global prices eased and stabilized at an average of \$119.17 per barrel, however, they are still higher than pre-war levels, which averaged globally between \$85 and \$90 per barrel.

The International Air Transport Association (IATA), which represents more than 370 airlines accounting for roughly 85% of global air traffic, projects the industry's fuel bill will rise 39% to \$350 billion in 2026, up from \$252 billion in 2025, with fuel nearing one third of operating costs.

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As a learned lesson, scaling up the production of sustainable aviation fuels (SAF) becomes necessary to expand resources. SAF is considered sustainable because it is produced from renewable or waste-based sources which in return reduce dependence on fossil

The International Air Transport Association (IATA) projects the industry's fuel bill will rise 39% to \$350 billion in 2026, up from \$252 billion in 2025, with fuel nearing one third of operating costs.



fuels while reducing greenhouse gas emissions. It acts as a "drop in" fuel, meaning it can be blended with regular jet fuel and used in existing aircraft, engines, and airport fuel systems.

The aviation industry is at the very beginning of this mountain. In 2025, global SAF production sits at a tiny 2 million tons (mt), accounting for just 0.7% of the world's jet fuel.

Researchers from the World Resources Institute (WRI) have explored an innovative method of utilizing agriculture waste to produce SAF. Rather than relying on corn grain, the study focuses on corn stover, the stalks, leaves, husks, and cobs left behind after corn is harvested. They argue that these agricultural residues could provide more sustainable feedstock for SAF while avoiding many of the environmental challenges associated with crop-based biofuels.

SAF from Corn Waste

While some SAF pathways in the US already rely on corn-based ethanol, researchers found that using the crop itself is relatively inefficient, requiring about 1.7 gallons of ethanol to produce a single gallon of jet fuel. In addition, diverting corn to fuel production creates competition with food and animal feed markets. To compensate for this gap, farmers might rely on adding agricultural lands elsewhere. This could result in clearing forests and converting grasslands, all of which increases deforestation as well as greenhouse gas emissions (GHG).

Meanwhile vast quantities of this corn stover remain in fields every year after the harvest in the Corn Belt in the American Midwest region. Researchers found that US contains around 90 million tons per year (mt/y) of sustainably recoverable corn stover. According to the study, this volume could produce around three billion gallons of SAF annually, enough to meet the US' 2030 SAF Grand Challenge target, designed since 2021 for the purpose of increasing adoption of SAF in the US and overcome its challenges to ultimately replace the jet fuel.

However, turning fibrous plant waste into a fuel capable of powering commercial aircraft is far more complex than refining vegetable oils, used cooking oil, or animal fats, into today's SAF. Corn stover is made up largely of cellulose, hemicellulose, and lignin; tough plant materials that must first be broken down before they can be transformed into hydrocarbons suitable for aviation.

Four technologies, One Goal

The study analyzed the potential for implementing four solutions for SAF production.

The most commercially advanced is Alcohol-to-Jet (AtJ) technology. In this process, corn stover is first converted into cellulosic ethanol through biochemical processing. Microorganisms ferment the plant sugars into alcohol, which is then chemically upgraded into jet fuel molecules. The major advantage of AtJ is that it can leverage much of the Midwest's existing ethanol infrastructure, allowing producers to build upon decades of investment in biofuel production. However, the process is relatively inefficient, producing only about 34 gallons of jet fuel per ton of corn stover.

A more technologically intensive route is the Fischer-Tropsch (FT) process, a technology originally developed in Germany nearly a century ago but now being adapted for sustainable fuels. Instead of fermenting biomass into alcohol, FT gasifies corn stover at extremely high temperatures, converting it into a synthetic gas known as "syngas", a mixture primarily composed of hydrogen and carbon monoxide. The syngas is then catalytically transformed into liquid hydrocarbons that closely resemble conventional jet fuel. This pathway is more efficient than AtJ, yielding roughly 52 gallons of fuel per ton of stover, but requires expensive gasification facilities and substantial upfront investment.

Researchers are also exploring a newer generation of electro-fuel technologies, which combine biomass with renewable electricity and hydrogen.

One example is Power-to-Liquid (PtL) technology. Rather than relying directly on corn waste, PtL uses renewable electricity to split water into hydrogen through electrolysis. The hydrogen is then combined with captured carbon dioxide—often sourced from ethanol plants, to synthesize liquid aviation fuel. Because PtL relies heavily on clean electricity and carbon capture, its environmental performance and costs depend on the availability of cheap renewable power and low-cost hydrogen production.

Perhaps the most promising technology examined in the study is Power-and-Biomass-to-Liquid (PBtL), which effectively combines the strengths of biomass conversion and electro-fuels. In this process, corn stover is gasified into syngas, while renewable hydrogen is

Following the reopening of the strait of Hormuz, global jet fuel prices eased to an average of \$119.17 per barrel, though they remain above pre war levels of \$85–90 per barrel.

added to maximize fuel production. By supplementing biomass with green hydrogen, technology extracts significantly more energy from every ton of agricultural residue.

The result is a dramatic improvement in efficiency. According to the study, PBtL can produce about 163 gallons of SAF per ton of corn stover, nearly five times more than Alcohol-to-Jet technology and more than three times the output of Fischer-Tropsch systems. Among all pathways evaluated, PBtL delivers the highest fuel yield while making the most effective use of limited biomass resources.

SAF Initiatives Beyond the US

While the World Resources Institute study highlights the potential of agricultural residues such as corn stover, most of today's SAF production relies on a very different feedstock.

In Egypt, for example, two major SAF projects are being developed based on used cooking oil (UCO) conversion technologies.

The first is the Alexandria SAF Plant, a \$530 million project licensed in December 2025 in partnership with Honeywell UOP. The facility is expected to produce up to 120,000 tons per year (t/y) of SAF

The second is the Ain Sokhna SAF Hub, being developed within the Suez Canal Economic Zone (SCZONE) by Qatar's Al Mana Holding through SAF Fly Ltd. The multi-phase project represents more than \$500 million in direct investment and targets a production capacity of approximately 600,000 t/y.

Backed by a long-term offtake agreement under which Shell will purchase 100% of its output, the project aims to begin commercial supply by the end of 2027 and is expected to generate up to \$15 billion in export revenues over the following decade.

Agricultural waste such as corn stover offers a vast, underutilized resource for sustainable aviation fuel. The challenge now lies not in feedstock availability but in advancing technologies that can unlock its full potential. Whether through biochemical, thermochemical, or hybrid electro fuel pathways, scaling these innovations from pilot projects to commercial deployment will determine if crop residues can truly fuel the future of aviation and help shield the industry from the volatility of global energy markets.

SAF is considered sustainable because it is produced from renewable or waste-based sources which in return reduce dependence on fossil fuels while reducing greenhouse gas emissions.

TURNING EMISSIONS INTO EGYPT'S NEXT EXPORT

By Rana Al Kady

For decades, Egypt's energy exports have been measured in barrels, cubic meters, and cargoes shipped across international markets. Oil, natural gas, refined products, fertilizers, and petrochemicals have formed the backbone of the country's energy trade and a significant source of foreign currency revenues. Yet as the global economy moves toward decarbonization, a new commodity is emerging; one that is invisible, intangible, and increasingly valuable: avoided emissions.

Around the world, governments and industries are beginning to treat carbon reductions as tradable assets. Carbon credits, low-carbon products, and carbon capture projects are creating entirely new markets where emissions themselves carry economic value. Carbon pricing mechanisms now cover nearly a quarter of global greenhouse gas emissions, while demand for high-quality carbon credits continues to grow as corporations pursue ambitious net-zero commitments.

As countries race to meet climate targets while maintaining industrial competitiveness, the question is no longer whether carbon will have a price, but who will be best positioned to profit from it. For Egypt, this raises an intriguing possibility: could emissions reductions become the country's next export?

The concept behind carbon markets is straightforward. When a company, project, or country reduces greenhouse gas emissions beyond a defined baseline, those reductions can be quantified, verified, and converted into carbon credits. These credits can then be sold to organizations seeking to offset their own emissions.

Egypt's Carbon Market Potential

Egypt possesses several advantages that could position it to participate more actively in carbon markets. The country has one of the largest renewable energy sectors in Africa and the Middle East, supported by world-class solar and wind resources. The government has repeatedly reaffirmed its target of increasing renewable energy's share of electricity generation to 42% by 2030 and more than 60% by 2040. Achieving

these targets will require substantial investment, but it will also generate significant emissions reductions that could potentially be monetized through carbon markets.

The pace of investment is already accelerating. In early 2026, Egypt signed renewable energy agreements valued at approximately \$1.8 billion, covering large-scale solar generation and battery storage projects. Such investments not only strengthen energy security but also expand the country's portfolio of low-carbon assets capable of generating measurable emissions reductions.

Recent policy developments suggest that Egypt is laying the foundation for a carbon economy. The Egyptian Climate Exchange (EGCX), operating under the Egyptian Exchange, has established one of the region's first regulated voluntary carbon markets. The platform aims to facilitate the issuance and trading of carbon credits, creating a mechanism through which emissions reductions generated within Egypt can potentially be transformed into tradable financial assets. If successful, carbon credits could create a new source of foreign currency revenues while attracting climate-focused investments into key sectors of the economy.

Methane: Egypt's Most Immediate Carbon Opportunity

Although green hydrogen and renewable energy often dominate discussions surrounding the energy transition, methane reduction may represent Egypt's fastest pathway toward generating value from emissions reductions.

Methane is estimated to have more than 80 times the warming impact of carbon dioxide over a 20-year period, making it one of the most valuable targets for emissions reduction efforts. For Egypt's oil and gas sector, initiatives such as leak detection and repair programs, flare reduction projects, associated gas recovery, and facility upgrades can generate measurable emissions reductions while simultaneously improving operational efficiency.

As countries race to meet climate targets while maintaining industrial competitiveness, the question is no longer whether carbon will have a price, but who will be best positioned to profit from it.

This opportunity is particularly relevant given Egypt's ambitions to maintain its position as a regional energy hub. Every cubic meter of gas captured rather than flared or vented can be sold, processed, or utilized domestically. In other words, methane reduction not only lowers emissions but also preserves valuable energy resources.

Carbon Capture: Turning Emissions into Assets

Perhaps the most direct pathway toward monetizing emissions lies in carbon capture, utilization, and storage (CCUS). Globally, CCUS is viewed as a critical tool for decarbonizing hard-to-abate sectors such as cement, steel, fertilizers, refining, and petrochemicals. Rather than releasing carbon dioxide into the atmosphere, facilities capture emissions and either store them permanently underground or utilize them in industrial processes.

Importantly, carbon capture is already beginning to move from concept to implementation. During EGPES 2025, Misr Fertilizers Production Company (MOPCO) and the global engineering company thyssenkrupp Uhde signed an agreement for a carbon capture project valued at approximately \$220 million. The project is expected to capture around 150,000 tons of carbon dioxide annually, making it one of the first large-scale carbon capture initiatives in Africa and the Middle East.

The Opportunity in Low-Carbon Products

Another emerging avenue lies in the production of low-carbon industrial goods. Global industries are facing increasing pressure to reduce emissions across their supply chains. As a result, buyers are seeking materials and products with lower embedded carbon content. This trend is particularly relevant for sectors in which Egypt already maintains a strong industrial presence, including fertilizers, petrochemicals, cement, and energy-intensive manufacturing.

Among the emerging pathways for creating low-carbon products, green hydrogen may become one of Egypt's most export-oriented opportunities. In early 2026, the government reviewed progress on the 100-megawatt green hydrogen facility in Ain Sokhna, one of the country's flagship clean energy projects. Developed by a consortium including Scatec, Fertiglabe, Orascom Construction, and the Sovereign Fund of Egypt, the project has already begun partial production and is expected to supply international markets.

The momentum extends beyond individual projects. In 2026, the Suez Canal Economic Zone (SCZONE) and the United Nations Industrial Development Organization (UNIDO) launched Egypt's National Clean Hydrogen Program, aimed at accelerating investment, building local capabilities, and positioning the country as a regional hub for clean hydrogen production.

These developments reflect a broader transformation in the nature of exports themselves. Egypt may not simply export energy in the future; it may export products whose lower carbon intensity enhances their competitiveness in international markets. This opportunity is becoming even more important as regulations such as the European Union's Carbon Border Adjustment Mechanism (CBAM) begin to place greater emphasis on the carbon footprint of imported products. Producers capable of demonstrating lower emissions profiles may gain a significant advantage in key export destinations.

Esraa El Mitainy, Climate Change Expert at Integral Consult, an environmental and sustainability consulting firm based in Cairo, stated that "with several different perspectives this issue can be tackled differently, for example, "Selling classic emissions reductions as carbon credits in the voluntary market offers one revenue stream, while industrial decarbonization can also serve as a strategy to boost competitiveness under EU CBAM rule. However, these measures will require collective efforts from the public and private sector towards a unified goal."

Challenges on the Road Ahead

Despite the opportunity, monetizing emissions is far from straightforward. Carbon markets continue to face questions regarding transparency, verification standards, and pricing stability. Credit values can fluctuate significantly, creating uncertainty for investors. Establishing robust monitoring, reporting, and verification systems will be essential to maintaining market credibility.

Competition is also intensifying. Countries across the Middle East, Africa, and Asia are pursuing similar opportunities in renewable energy, carbon management, and low-carbon industrial exports. Egypt will need to leverage its unique combination of geographic location, industrial capacity, energy infrastructure, and natural resources to distinguish itself in an increasingly crowded marketplace.

Beyond Energy Exports

The global energy transition is reshaping the very definition of what constitutes an energy asset. In the past, value was created primarily by extracting and exporting hydrocarbons. Value may also be created by preventing emissions, capturing carbon, and producing cleaner industrial goods.

For Egypt, this evolution presents an opportunity to expand its role within the emerging low-carbon economy. The country already possesses many of the foundational elements required to participate: a growing renewable energy sector, an emerging carbon market, expanding green hydrogen investments, established industrial capabilities, and decades of expertise in oil and gas operations. The opportunity is not to replace traditional energy exports overnight. Rather, it is to create a new layer of value on top of existing industries.

Every cubic meter of gas captured rather than flared or vented can be sold, processed, or utilized domestically. In other words, methane reduction not only lowers emissions but also preserves valuable energy resources.



EGYPT'S NEW POWER MOVE: ENERGY GIANTS TAKE THE LEAD IN STATE DIVESTMENT

By Sherine Samir

Expanding the private sector's role in the economy remains central to Egypt's macroeconomic strategy. A series of external shocks—most notably the COVID 19 pandemic, the heightened regional geopolitical volatility starting with the war on Gaza and exacerbated by the Middle East conflict—temporarily slowed this agenda.

Nevertheless, after years of shelving asset sales due to weak market conditions and undervalued bids, the government is actively closing major transactions and preparing a fresh pipeline of state-owned enterprises for listing.

This structural shift drew praise from the International Monetary Fund (IMF) in its seventh review of the Egyptian reform program. The fund commended Egypt's adherence to its State Ownership Policy and accelerated divestment framework.

A defining feature of the revived program is its strong emphasis on the energy sector, underscored by the fact that 10 of the 30 companies slated for temporary listing on the local stock market—as a prerequisite for privatisation—hail from this field.

Energy companies are at the Forefront

Egypt's plan to expand private ownership has recently seen important deals across renewable energy and fuel distribution. In a landmark \$420 million agreement, UAE-based Alcazar Energy agreed with Egyptian authorities to acquire, manage, and upgrade the 580-megawatt (MW) Gabal El-Zeit wind farm on the Red Sea coast. This transaction serves as a model

utilizing foreign direct investment to rehabilitate state renewable assets while securing clean energy via built-in Power Purchase Agreements (PPA).

Simultaneously, TAQA Arabia secured a stake in 172 military-affiliated Wataniya fuel stations. The ownership of the stations was transferred to a new entity named Quick Fuel in which TAQA Arabia holds an initial 10% stake with an option for an additional 15% upon listing while immediately assuming full operational management of the network.

Furthermore, three heavyweights in the petroleum and petrochemicals sectors were temporarily listed on the Egyptian Exchange in late June: Engineering for the Petroleum and Process Industries (ENPPI), Egyptian Linear Alkyl Benzene Company (ELAB), and Petroleum Marine Services (PMS).

The temporary listings give these companies a six-month window to finalize financial preparations for public offerings. These listings—which aim to boost private sector ownership and foreign investment—are part of a broader commitment under an IMF agreement to accelerate privatization

In 2023 the government compiled a list of 32 state-owned firms to go private, then increased the number by the end of the year to 35. Until

February 2026, the first phase of the government's state ownership document culminated in selling stakes in 19 companies through direct stake sales and Initial Public Offerings (IPOs), raising some \$ 5.9 billion (bn).

In the same month, local media reported the Madbouly government aims to raise some \$ 10.3 bn through the privatization of state-owned companies and assets by the end of the fiscal year (FY) 2026-27.

A Good Catch?

Energy companies are prime targets for privatization because they combine high profitability with strategic importance, making them highly appealing to investors. Globally, divesting state-run oil and gas giants has generated massive interest and concluded with notable success.

Historical precedents include the landmark privatizations of the UK's British Gas and British Petroleum (bp) during the 1980s and 1990s, which raised billions and reshaped the energy landscape. Similarly, Italy's giant, Eni, divested shares across multiple deals, though the government retained a "golden share" granting a veto over crucial corporate decisions. Regionally, Gulf nations executed head-turning transactions, topped by the historic 2019 Saudi Aramco IPO, which raised an unprecedented \$25.6 billion by selling a 1.5% equity stake, making it the largest IPO in history.

In Egypt, petroleum firms stand out as exceptional privatization nominees. "Petroleum companies own highly valuable tangible assets and contribute significantly to the country's GDP, making them naturally attractive to international and local investors," notes Mohamed Hosny, Equity Strategist at Thndr Securities Brokerage. Furthermore, Hosny points out that the sector possesses the scale to support broader fiscal reforms: "The sector is large enough to generate the kind of privatization proceeds the country needs to meet its IMF commitments, while simultaneously diversifying [the commodities traded on] the Egyptian Exchange (EGX), which is currently heavily dominated by banking and real estate equities."

Eman Marie, Head of Research at Faisal Islamic Bank, echoes this outlook, pointing to the structural health of these enterprises. She highlights that Egypt's frontline energy companies boast "robust balance sheets, predictable cash flows, and resilient profit margins—advantages that become even more pronounced during periods of elevated global oil prices."

Best players lead the way

Both Eman and Hosny agree on the advantageous position of the companies in the pipeline, especially the Middle East Oil Refinery (MIDOR) and the Petroleum Projects and Technical Consultations Company (Petrojet). MIDOR, one of the largest refineries in the region, has recently completed a major revamping project with a total investment of \$2.7 billion and is now producing more than 7.5 million tons per annum (mt/y), serving both local and international markets.

Petrojet tells an equally compelling story. Acting as the primary construction arm for the region's energy infrastructure, it boasts a diversified portfolio. Hosny noted that the company has secured future business contracts worth EGP 246 billion through 2029 and continues to break into new areas, including nuclear energy, becoming the first Egyptian company to participate in the Dabaa Nuclear Power Plant. In addition, Petrojet has expanded its presence to 28 countries

In addition to their strong fundamentals, Eman believes that offering blue-chip, infrastructure-heavy enterprises provides institutional investors with stable, long-term yields. This avoids the risk of market fatigue from lower-tier offerings.

The Caliber of the companies already temporarily listed, as well as those expected to follow, signals that the government is deliberately starting with its most credible names. Also, "The fact that the Egyptian General Petroleum Corporation (EGPC) is the major shareholder in the oil companies slated for privatization makes the process less challenging, as it ensures the government retains control while opening ownership to outside investors," said Hosny.

Challenges exist

However, there are some pumps in the road. Oil and gas companies' Privatization is challenging. "The industry's heavy reliance on joint ventures (JVs) structures creates complex legal frameworks, as these companies are operating through intricate concession agreements and JVs with International Oil Companies (IOCs)." Eman Pointed out.

Hosny agreed, saying that these companies were not designed for public ownership, meaning time is needed for legal and operational restructuring.

He adds: "Petroleum is a strategically sensitive sector, requiring the government to handle privatisation with caution by offering only minority stakes and retaining operational control."

Guarantees for success

Observers argue that the success of Egypt's privatization offerings hinges on the government's adherence to governance standards—transparent procedures, clear disclosure, and accountability in decision making—as well as ensuring companies are sold at fair value, meaning prices that reflect their true market worth rather than discounted bids.

The temporary listing mechanism can help, according to Hosny, as it requires companies to comply with disclosure and governance rules and gain practical market experience before any share sale, building a track record and investor base ahead of the full offering. As Hosny sees it, independent valuation of shares can guarantee successful offerings: "The current framework mandates final financial valuations by an independent certified financial advisor to determine fair value before any stake is sold."

Faisal Bank's Marie underscored that the government is avoiding past pitfalls in privatizing similar oil and petrochemical companies such as Sidi Kerir Petrochemicals Company (SIDPEC) and Alexandria Mineral Oils Company (AMOC). She explained that previously volatile raw material prices impacted equity valuation, while industry regulations posed obstacles for investors. This time, temporary listing enforces transparent disclosure before shares reach the open market.

Egypt's privatization drive has placed energy companies at the forefront, signaling both ambition and pragmatism. By starting with credible names and enforcing temporary listings, the government is building investor confidence through governance, disclosure, and fair valuation. The sector's profitability and strategic weight make it a natural candidate to anchor the program, while lessons from past missteps are being addressed through stricter frameworks. Global precedents show that energy privatizations can reshape markets, and Egypt's effort is no exception. Success will depend on careful execution, but the foundations suggest the country is determined to deliver.

💡 **Petroleum is a strategically sensitive sector, requiring the government to handle privatisation with caution by offering only minority stakes and retaining operational control.** 💡

Mohamed Hosny
Equity Strategist - Thndr Securities Brokerage

BEYOND THE CEASEFIRE: HOW A US-IRAN AGREEMENT COULD RESHAPE GLOBAL OIL AND GAS MARKETS

By Fatma Ahmed

In June 2026, the US and Iran signed a landmark ceasefire agreement that reopened the Strait of Hormuz, lifted a US naval blockade, and introduced a \$300 billion conditional reconstruction fund for Iran. The deal, mediated by Pakistan and supported by regional powers, marked a pivotal moment in the conflict and set the stage for reshaping global oil and gas markets. For months, energy markets had been operating under the shadow of escalating tensions in the Middle East, with fears that disruptions to shipping routes and infrastructure could trigger a major supply shock.

As markets adjust to a more stable geopolitical environment, attention is shifting to broader implications for oil prices, trade flows, investment, and regional cooperation. Although uncertainties remain, the agreement could influence global energy markets in the years ahead.

Market Response and Prices

One of the most immediate effects of the ceasefire has been a reduction in the geopolitical risk premium embedded in oil and gas prices. During periods of heightened tension, markets typically price in the risk of supply disruptions, especially in key producing regions. As a result, energy prices often rise even when fundamentals remain unchanged.

With de-escalation, traders have begun reassessing these risks. The fear of a major interruption to Gulf exports has eased, reducing upward pressure on prices and improving market stability. On June 16, Brent crude futures declined by 5% to \$78.96 per barrel, marking the first time the benchmark fell below \$80 since early March and its lowest level in three months. West Texas Intermediate also fell by 5.8% to \$76.05 per barrel.

European gas markets followed a similar trend. Yahoo Finance reported that Dutch TTF futures fell immediately after the ceasefire announcement as traders removed part of the geopolitical risk premium built during the conflict. Attention shifted back to fundamentals, supported by expectations that liquified natural gas (LNG) exports from Gulf producers, particularly Qatar, would continue uninterrupted.

Still, the conflict left a lasting impact. Since hostilities began on February 28, average European gas prices rose by around EUR 10 per megawatt hour (MWh), a 31% increase, while the European Union (EU)'s total gas bill increased by 48%, according to Reuters.

Strait of Hormuz and Energy Trade

The Strait of Hormuz remains one of the world's most critical energy chokepoints, with around 20% of global crude oil and LNG trade passing through it, alongside fertilizer, helium, and sulfur shipments. Fatih Birol, Executive Director of the International Energy Agency (IEA), described the crisis as the world's biggest energy security threat in history, referring to it as a "double blockade" preventing vessels from entering or leaving the Strait.

The disruption triggered the largest oil supply shock in history. More than 14 million barrels per day (mmbbl/d) of production were shut in, while cumulative losses exceeded 1 billion barrels. Global oil inventories fell by 3.8 mmbbl/d on average, including a drawdown of 143 million barrels (mmbbl) in May alone. Brent prices surged over 60% above pre-conflict levels, while jet fuel prices nearly tripled, according to the IEA.

The disruption triggered the largest oil supply shock in history. More than 14 million barrels per day (mmbbl/d) of production were shut in, while cumulative losses exceeded 1 billion barrels.

Gas markets were equally affected. LNG supplies from Qatar and the UAE fell by over 300 million cubic meters per day (mmcm/d), equal to more than 2 billion cubic meters (bcm) weekly, pushing European gas prices 35% above pre-war levels. The disruption was driven by shipping blockages, the shutdown of Qatar's Ras Laffan complex—the world's largest LNG facility—and lower associated gas output due to oil field closures.

The impact was particularly severe given that 93% of Qatar's LNG exports and 96% of UAE exports normally transit through Hormuz, leaving limited alternatives. Higher energy costs also weakened demand in petrochemicals and aviation.

The ceasefire marks a turning point. The draft agreement states Iran would immediately reopen the Strait of Hormuz to commercial shipping, while the US would begin lifting its naval blockade of Iranian ports. The easing of restrictions is expected to begin immediately after signing and be fully implemented within 30 days.

Early recovery signs are already visible. According to the IEA, oil flows through Hormuz rebounded in early June, supported by increased ship-to-ship transfers in the Gulf of Oman. Shipments rose from 9.6 mmbbl/d in May to about 12 mmbbl/d, signaling gradual normalization.

The World Bank estimates that restoring conflict damaged infrastructure can take months to years, depending on destruction, investment, and stability. Supply remains constrained after ceasefires as repairs and restarts lag production recovery.

Expected Energy Supply and Demand Trends

Global energy markets will continue to reflect the pace of Middle Eastern recovery and broader demand trends. The IEA projects global oil supply at 102.4 mmbbl/d in 2026, down 3.9 mmbbl/d from the previous year due to conflict-related disruptions. Supply is expected to rebound strongly in 2027 as Hormuz flows normalize and regional production recovers.

On the demand side, global oil demand is forecast to decline by 1.1 mmbbl/d in 2026, reflecting higher prices, disrupted trade, and weaker refining activity. Demand is expected to recover in 2027 as prices ease and economic conditions improve.

Gas markets are expected to diverge. The IEA projects stronger LNG-driven demand growth in 2026, supported by expanding supply from North America and other producers. This is expected to ease tightness and improve energy security, though geopolitical risks may still drive volatility.

Regional Energy Market Implications

The reopening of Hormuz has major implications for Gulf exporters, whose trade remains heavily dependent on the waterway. While some countries have developed alternative export routes, their capacity to bypass the Strait is limited. Saudi Arabia can redirect some exports through the East–West Pipeline to the Red Sea (5 mmbbl/d capacity),

while the UAE can use the Habshan–Fujairah pipeline (1.5 mmbbl/d). Iraq has partial access to the Mediterranean via Türkiye, but most exports still transit Hormuz. Kuwait, Qatar, and Bahrain remain almost entirely dependent on the Strait.

A prolonged disruption would force exporters to rely on these limited alternatives, increasing transportation and operational costs through longer shipping distances, higher freight rates, elevated insurance premiums, and congestion at alternative terminals. Countries with insufficient bypass capacity could also face export constraints, production curtailments, lost revenues, and fiscal pressures. The reopening of Hormuz therefore restores access to global markets, reduces transport risks and costs, supports export normalization, and reinforces the Strait's continued strategic importance for regional energy security.

Medium- and Long-Term Implications

Beyond immediate recovery, the US-Iran agreement may reshape long-term energy balances. The IEA projects global oil supply is expected to rebound by around 8 mmbbl/d in 2027, reaching a total of 110.3 mmbbl/d as production and exports recover following the reopening of the Strait of Hormuz, while demand grows by only 2 mmbbl/d. This imbalance could create a significant surplus, pressuring prices downward and allowing inventory rebuilding.

However, recovery will not be uniform. The World Bank (WB) estimates that infrastructure damaged in conflict can take several months to multiple years to recover, depending on damage scale, investment, and political stability. During this period, supply remains constrained even after ceasefires, as repairs and operational restarts lag production recovery. This can sustain upward price pressure and trigger temporary demand destruction in fuel-intensive sectors before gradually reversing as infrastructure is restored.

Lower oil prices may benefit importing economies by easing inflation and supporting growth, but prolonged weakness could discourage upstream investment in higher-cost projects, affecting future supply outside the Middle East.

In gas markets, normalization of LNG flows from the Gulf is expected to ease tightness and improve supply security in Europe and Asia, while increasing supplier competition and stabilizing prices over time.

Long-Term Outlook

Looking further ahead, the agreement reinforces the Middle East's long-term role in global energy supply. OPEC's World Oil Outlook 2026 projects global oil demand rising to 124 mmbbl/d by 2050, alongside a 23% increase in total energy demand. Meeting this growth will require sustained investment in oil and gas infrastructure across the region, ensuring both energy security and affordability in global markets.

Lower oil prices can ease inflation and support growth in importing economies, but prolonged weakness, sustained low levels, may deter upstream investment in higher cost projects, constraining future supply outside the Middle East.

COORDINATED MINISTRIES, UNIFIED VISION

Building Egypt's Energy Future

Hardly a year passes without Egypt facing an energy shortage problem whether in the form of fuel shortages, electricity load problems, or rising industrial production costs. Despite the many solutions proposed over the years, most of them remain temporary measures that address the symptoms rather than the root causes of the problem.

A lasting solution to Egypt's energy crisis cannot come from one ministry acting alone. It demands genuine coordination among five key ministries; Petroleum and Mineral Resources (MoPMR), Electricity, Industry, Housing, and Finance. A permanent committee of experts from these bodies should be established to craft a unified national strategy spanning at least a decade, with the clear objective of securing Egypt's energy future.

The MoPMR is tasked with developing a strategic plan to achieve self sufficiency in crude oil and natural gas, with the longer term goal of exporting surplus production. Self sufficiency in crude oil means more than boosting output; it requires securing adequate supplies for local refineries to ensure domestic availability of petroleum products such as gasoline, diesel, mazut, Liquefied Petroleum Gas (LPG), and other derivatives.

For natural gas, the objective is to meet the needs of power stations, factories, households, vehicles, fertilizer and petrochemical plants, all sectors that depend heavily on gas as a primary energy source.

The Ministry of Electricity must conduct precise studies on annual demand growth, particularly in light of industrial expansion, urban development, and population increase. At the same time, it should significantly scale up generation from renewable sources—solar, wind, and other abundant resources Egypt has yet to fully harness.

As for the Ministry of Industry, it should encourage factories to adopt energy-efficient machinery and production systems. It should also promote the use of solar energy to help factories generate part of their own electricity needs, thereby reducing pressure on the national grid and lowering production costs.

The Ministry of Housing must also play a central role by revising building regulations for new urban communities, malls, and major construction projects. Rooftop solar systems and solar water heaters should be mandatory rather than optional, cutting reliance on conventional electric heaters.

The Ministry of Finance ,meanwhile, should provide incentives and support for projects built on non fossil, sustainable sources. One promising avenue is biomethane production from agricultural waste, animal manure, poultry waste, and organic household refuse. Small scale units could be deployed across Egyptian villages, each generating 1,000–2,000 cubic meters of biomethane daily—enough to supply 500–1,000 homes.

Other opportunities lie in harnessing industrial waste and wasted heat, particularly in heavy industries such as iron and steel. But these projects demand serious funding and a unified national vision to move from concept to scale.

There is still hope that state institutions will recognize that energy security is not merely an economic issue, but a matter of national security and comprehensive development. True success can only be achieved through joint planning and collective action.

When the entire state works with one unified vision and team spirit, Egypt can transform itself from a country facing recurring energy crises into a nation with a stable and sustainable energy system.

By Sabry El Sharkawy

Assistant Energy Secretary
Future of the Nation Party

SMART ENGINEERING CUTS EMISSIONS:

PETROJET's Flare Gas Breakthrough

The global oil and gas industry faces increasing pressure to reduce emissions, eliminate routine flaring, and meet ambitious sustainability targets while operating within strict budget and space constraints. Traditionally, flare gas recovery projects rely on large mechanical systems that require significant capital investment, consume substantial electrical power, and introduce ongoing maintenance and reliability challenges.

To address these challenges, The Petroleum Projects and Technical Consultations Company (PETROJET)'s Process Design team developed an alternative approach based on advanced process simulation and smart engineering design rather than additional hardware. The objective was to create a sustainable, low-risk solution capable of reducing emissions and improving operational efficiency without major equipment modifications.

The project focuses on improving how an existing system prepares natural gas before it is used. Engineers used advanced computer simulations to study how the gas flows, how pressure changes inside the pipes, and how temperature behaves under different conditions. One of the biggest challenges was keeping the gas warm enough to stop heavier hydrocarbons from condensing into liquid. If condensation occurs, it can damage equipment and disrupt operations further down the line.

Traditionally, companies solve this by installing heaters, but that approach consumes a lot of extra power. The team's work aimed to find smarter ways to manage the gas temperature and flow, so the system could run safely and efficiently without relying so heavily on energy intensive heating.

Instead of introducing additional heating equipment, the engineering team redesigned the process by optimizing heat integration and utilizing the natural energy already available within the system. The simulations confirmed that the required operating temperatures could be maintained while keeping power demand below contractual limits. Importantly, this optimization was achieved without adding rotating machinery, vessels, or other major hardware.

The results demonstrate the effectiveness of a software-driven engineering approach. The optimized system captures and conditions approximately one million standard cubic feet per day(mnscf/d) of low-pressure flare gas, converting a previously wasted stream into a valuable fuel source. Energy consumption was reduced by 20%, while localized emissions decreased by 23%. In addition, routine flaring was eliminated, preventing more than 23,000 tons of greenhouse gas emissions annually. Overall plant-wide emissions mitigation exceeded 30,600 tons of CO₂ equivalent per year.

The project also delivered strong financial benefits. By avoiding unnecessary equipment and instrumentation, capital expenditure was reduced by more than 22%, generating immediate savings of approximately \$ 52,000. Annual operating costs decreased by over \$ 7,000 through reduced energy consumption and lower maintenance requirements, significantly improving project economics and shortening the payback period.

This case study demonstrates that sustainability and profitability can be achieved simultaneously. By leveraging advanced simulation and intelligent process optimization, operators can reduce emissions, eliminate flaring, improve energy efficiency, and minimize capital investment. The approach provides a practical and scalable blueprint for supporting the energy transition while maximizing asset value across industrial facilities.

By Mohammed Kamal Gaber

Process Design Section Head,
PETROJET

HELD UNDER THE PATRONAGE OF HIS EXCELLENCY ABDEL FATTAH EL SISI, PRESIDENT OF THE ARAB REPUBLIC OF EGYPT



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Smarter Wells, Cheaper Barrels: Unlocking Hidden Value

Digital transformation has emerged as a strategic enabler of operational excellence across Egypt's petroleum sector, laying the foundation for the adoption of advanced technologies such as artificial intelligence (AI). This transformation is not just about technology adoption, it represents a strategic pathway to cost efficiency and enhanced investment attractiveness for Egypt's petroleum sector.

Egypt's Hub of Petroleum Digitalization

The Egypt Upstream Gateway (EUG) stands as the central core of digital transformation within the petroleum sector. It securely centralizes over nine petabytes of critical exploration data, shifting the industry from legacy systems to advanced cloud computing. The EUG provides data-driven transparency for ~45 registered global member companies.

It has successfully mobilized over \$1.2 billion in investment to drill 17,000 wells, thereby accelerating informed decision-making and driving sustainable sectoral growth according to EUG.

Operational Efficiency Gains

Technology Applied
Real-time monitoring, advanced data analytics
& optimized drill bits

Drilling Time Saved
~10 days

Cost Reduction per Well
~\$500,000

AI in Exploring and Reviving Mature Fields

Egypt's petroleum landscape is dominated by mature, aging fields, where conventional production approaches struggle with declining recovery rates and rising water cuts. These brownfields remain the backbone of Egypt's oil sector, contributing nearly 77% of the country's crude oil output. Digitalization is proving to be a powerful economic enabler for these challenging assets.

AI-Led Rediscovery

The General Petroleum Company (GPC) leveraged AI to reassess mature fields through advanced analytical techniques, enabling lower-cost and lower-risk development. Four wells were drilled and brought online while maintaining stable reservoir pressures.

AI-driven reinterpretation of historical subsurface data led to the GPS and GPR discoveries, unlocking 62.4 million barrels of equivalent oil (mmbœ) from previously dormant assets according to the MoPMR.

GPC AI-Driven Discovery Results

Wells	SWS-55	GPY-25	GPS	GPR
Production	4 mmcf/d	1,400 bbl/d 1 mmcf/d	2,700 bbl/d	

AI-Powered Production Optimization

The Gulf of Suez Petroleum Company (GUPCO), in collaboration with UAE's Dragon Oil and Russian Rosneft, is conducting a specialized AI study targeting the Marjan and Badri fields, but now aging, producing assets. The study draws on a database spanning over six decades and covering more than 400 wells.

Deep Horizontal Drilling Unlocks Tight Reservoirs

Production sustainability depends not only on optimizing existing wells, but on accessing previously unproductive reserves from tight, low-permeability formations.

Agiba Petroleum achieved a significant milestone by successfully drilling its first deep horizontal well North Lotus Deep-1 in the Masajid Formation in the western desert, a low-permeability carbonate reservoir. The well added 5 mmbœ/d to the company's reserves, according to the MoPMR.

First Horizontal Well Snapshot

Productivity Improvement
>600%

Associated Water Cut
20%

Taken together, these case studies confirm that Egypt's petroleum sector is entering a new phase of technology-driven value creation — one in which the economic lifecycle of existing assets can be materially extended, discovery rates improved, and the cost per barrel meaningfully reduced through intelligent application of AI, advanced analytics, and next-generation drilling techniques.



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Key Egyptian Economic Insights
in May 2026

Annual Headline Inflation

 **13%** -0.4 pp from April

Non-Oil Private Sector PMI

 **47.1 pts** +0.5 pts from April

Net International Reserves

 **\$53.134 Bn** +\$0.125 Bn from April

Avg Exchange Rate

 **53 EGP/USD** +0.1% from April

EGX Listed Petroleum Companies Performance
in May 2026

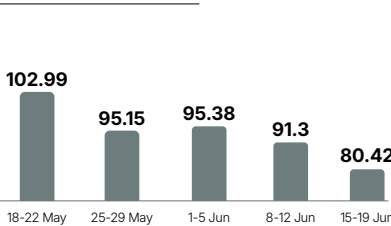
	Close Price 13.42 EGP	YTD Price Change ⬆️ 7.38%	P/E* 15.03
	Close Price 4.69 USD	YTD Price Change 0%	P/E* 2.36
	Close Price 1.7 EGP	YTD Price Change ⬆️ 19.2%	P/E* 6.87
	Close Price 48.31 EGP	YTD Price Change ⬆️ 9.2%	P/E* 22
	Close Price 17.1 EGP	YTD Price Change ⬆️ 12.76%	P/E* 17.03
	Close Price 44 EGP	YTD Price Change ⬆️ 44.26%	P/E* 11.17

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

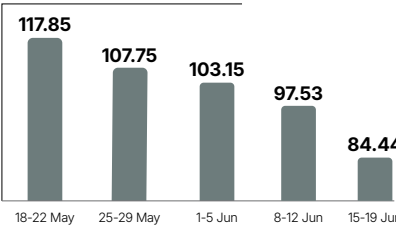
Petroleum Pricing Highlights

Average International Prices

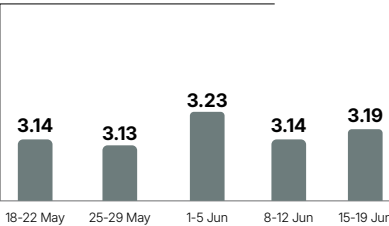
🛢 BRENT OIL (\$/BBL)



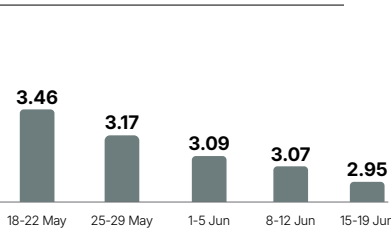
🛢 OPEC BASKET (\$/BBL)



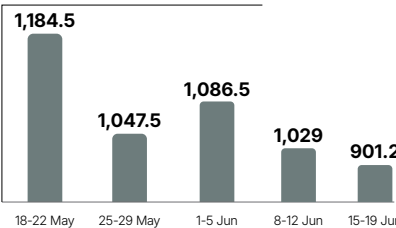
🔥 NATURAL GAS (\$/MMBTU)



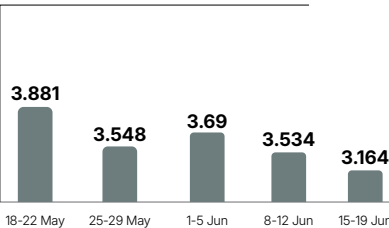
🛢 RBOB GASOLINE (NYMEX) (\$/GAL)



🛢 GAS OIL (NYMEX) (\$/MT)



🛢 HEATING OIL (NYMEX) (\$/GAL)



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