EGYPT OIL&GAS NEWSPAPER

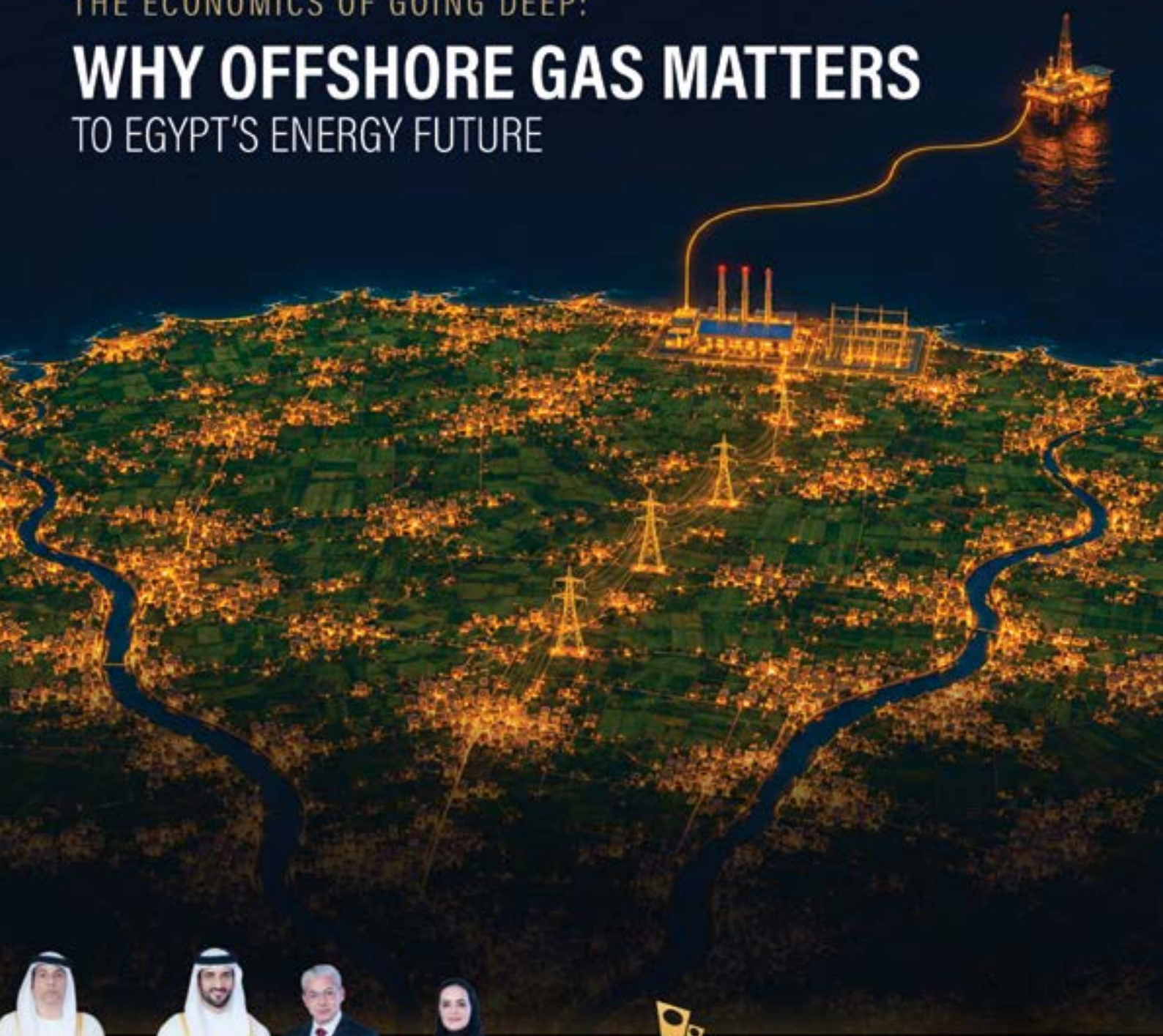
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THE ECONOMICS OF GOING DEEP:

WHY OFFSHORE GAS MATTERS
TO EGYPT'S ENERGY FUTURE





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Editor's Letter

Dear reader,

Against a backdrop of rising energy demand and declining output from mature fields, deepwater exploration has emerged as one of the energy industry's most important frontiers. For Egypt, which is seeking to strengthen energy security, expand domestic production, and reduce dependence on imports, the country's deepwater potential presents a significant opportunity for future growth.

In this issue, we explore the opportunities and challenges associated with unlocking resources in deeper waters. Our Overview examines the strategic importance of deepwater exploration and the factors that will determine its success, from technological capabilities and investment requirements to the fiscal frameworks needed to support high-risk offshore projects.

We also look at the economic case for deepwater development. While these projects require substantial upfront investment, successful discoveries can help reduce import costs and strengthen Egypt's energy balance. At the same time, complex geology, extreme operating conditions, and long development timelines continue to push the boundaries of technology and innovation. Our Technology feature explores how autonomous drilling and AI-driven systems are helping operators navigate these challenges more efficiently.

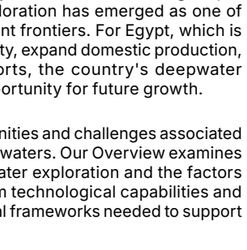
Beyond the technical and economic dimensions, this issue also examines the growing influence of geopolitics on diesel markets and supply chains.

We hope this edition provides valuable insights into one of the energy industry's most promising frontiers and sheds light on the opportunities and challenges shaping Egypt's offshore future. Whether your interest lies in exploration, economics, technology, or geopolitics, we trust you will find this issue both informative and engaging. Enjoy the read.

Sherine Samir
Editor-in-Chief

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TOP FIVE NEWS 5

Egypt's Refining Activity Jumps 22.4% in Q3 FY2025/26

Egypt's oil refining activity grew 22.4% year-on-year (YoY) in the third quarter (Q3) of fiscal year (FY) 2025/26, while the sector grew 8.7% over the full fiscal year, according to a statement by the Cabinet.

The figures were discussed during a meeting between Karim Badawi, Minister of Petroleum and Mineral Resources, and Ahmed Rostom, Minister of Planning and Economic Development, to review petroleum sector performance, production growth, investment, and services.

Badawi said crude oil production has returned to growth, refining activity is expanding, and the decline in natural gas production has been contained, paving the way for a return to growth. He stressed that increasing domestic oil and gas production remains a ministry priority through developing existing fields and intensifying exploration to meet domestic demand and reduce imports. The settlement of partners' arrears has helped restore investment flows needed for exploration and field development, he added.

Badawi said the ministry is prioritizing the expansion of natural gas connections to households as an alternative to liquefied petroleum gas (LPG) cylinders, alongside converting more vehicles to natural gas and expanding fueling stations.

Eni Launches Start-Up Activities for 100 mmcf/d Meleiha Gas Project in Egypt

Italy's energy major Eni has launched start-up activities at the Meleiha Phase 2 (MP2) project in Egypt's Western Desert, introducing gas-processing capacity of up to 100 million cubic feet per day (mmcf/d) as the company develops a new gas hub in the Merged Meleiha concession, according to a press release by Eni.

Meleiha Phase 2 Gas Processing Capacity

Up to 100 mmcf/d

The project is being implemented through Agiba Petroleum Company, a joint venture (JV) between Eni and the Egyptian General Petroleum Corporation (EGPC). The project's infrastructure includes development wells, gathering systems, trunklines, and a dedicated gas export pipeline connecting new production to Egypt's existing gas network.

The facilities are designed to process gas from fields in the area, support the commercialization of resources, and improve operational efficiency. The project is also intended to increase natural gas availability for Egypt's domestic market, Eni said.

The project builds on Eni's established operations in the Western Desert, where the company has pursued exploration and development activities around existing infrastructure.

Chevron Reports Positive Results at Egypt's Nargis-2 Gas Well

Chevron and Egypt's Ministry of Petroleum and Mineral Resources (MoPMR) reported positive results from drilling the Nargis-2 natural gas well in the Mediterranean Sea, with drilling confirming the extension of previously discovered gas-bearing formations and identifying an additional gas-bearing layer, according to a statement by the ministry.

Drilling operations began in May 2026 in cooperation with Chevron's partners and the Egyptian Natural Gas Holding Company (EGAS). The results will support further evaluation of the Nargis discovery, made in 2022, and studies into its commercial development.

The well was drilled to a final depth of more than 5,000 meters. Evaluation results identified gas-bearing formations with a net thickness of up to 35 meters, supporting further technical studies to assess the discovery's overall resource potential and development prospects.

The drilling program aimed to evaluate the extension of the Nargis discovery and test deeper geological formations, including those characterized by high pressure and temperature, as part of efforts to expand exploration activities in the Mediterranean.

The results support Egypt's strategy to accelerate the development of undeveloped discoveries, encourage investment partners to intensify exploration, and convert discovered resources into recoverable reserves, helping boost domestic natural gas production.

Egypt Adds 45 mmcf/d of Gas from Four Wells

Egypt's petroleum sector has added 45 million cubic feet per day (mmcf/d) of natural gas and 540 barrels per day (bbl/d) of condensates from four wells in the Western Desert, Gulf of Suez, and onshore Nile Delta, the Ministry of Petroleum and Mineral Resources (MoPMR) said.

Production Additions from The Four Wells

Natural Gas	Condensates
45 mmcf/d	**540** bbl/d

The additions include three new wells brought onstream and one previously shut in well returned to production after repair work, forming part of the ministry's program to restore growth in domestic natural gas output, strengthen local supplies, and reduce reliance on imports.

Khalda Petroleum placed the SKAL-2 well in the West Kalabsha area of the Western Desert onstream at around 12 mmcf/d of gas.

Meanwhile, Al Amal Petroleum returned the Amal-23 A ST well in the Gulf of Suez to production after completing repair work, adding around 15 mmcf/d.

In the onshore Nile Delta, Disouq Petroleum Company's Ezz-2 well started production at approximately 10 mmcf/d of gas and 460 bbl/d of condensates, while the MA-1X well was brought on stream at around 8 mmcf/d of gas and 80 bbl/d of condensates.

Egypt, Cyprus Advance Aphrodite Gas Project Financial Agreement

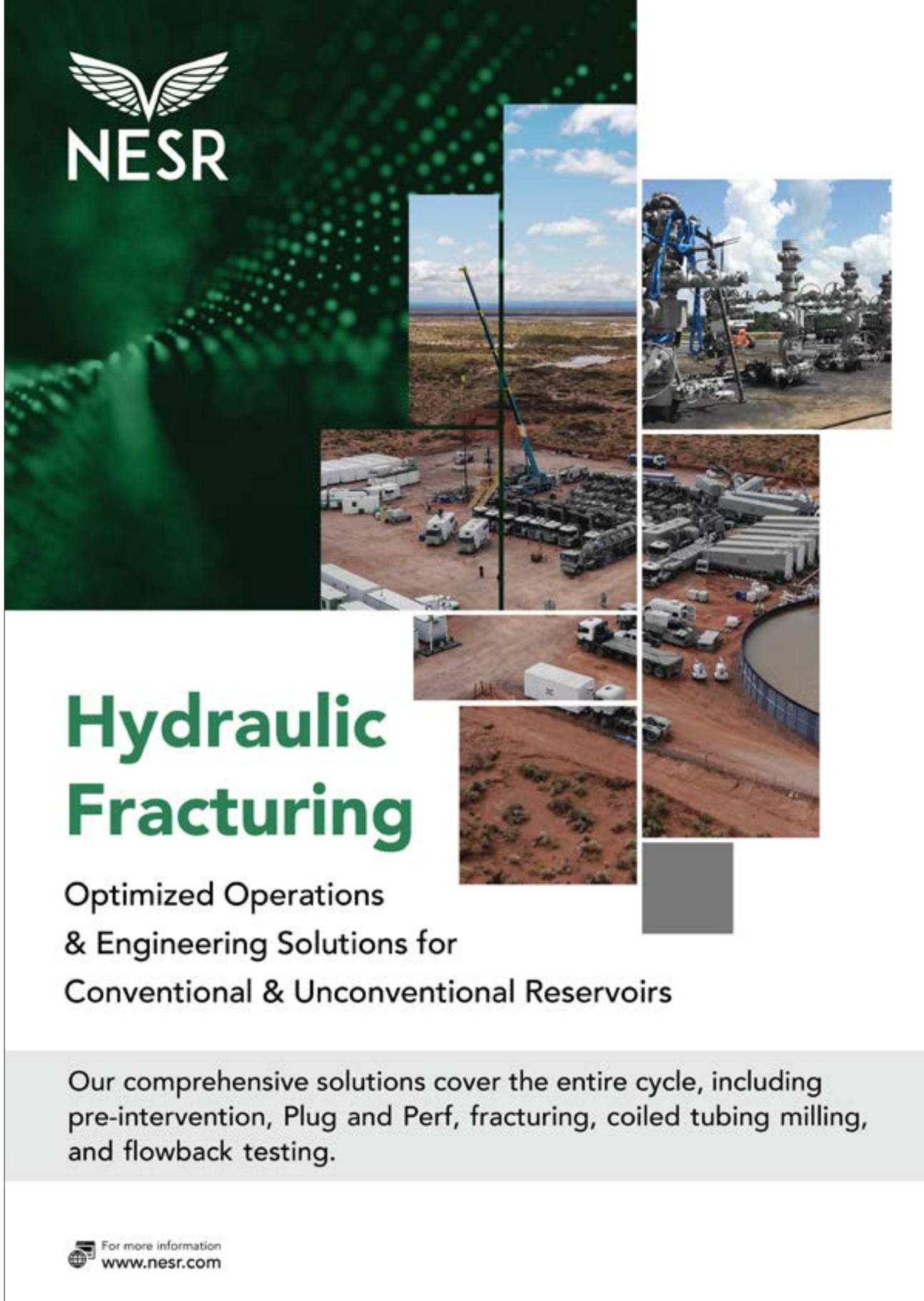
Egypt's Ministry of Petroleum and Mineral Resources (MoPMR) and Chevron have initialed a financial framework agreement for the project to connect Cyprus' Aphrodite gas field to Egypt's gas infrastructure, marking another step toward developing the cross-border gas link.

The agreement was initialed by Mohamed El-Bagoury, Head of the Central Department for Legal Affairs at Egypt's Ministry of Petroleum and Mineral Resources, and Javier La Rosa, Chevron's President of Base Assets and Emerging Countries (BAEC), in the presence of Karim Badawi, Egypt's minister of petroleum and mineral resources, and Michael Damianos, Cyprus' minister of energy, commerce and industry.

The signing took place on the sidelines of the Mediterranean Offshore Conference and Exhibition (MOC 2026), held in Alexandria from October 20 to 22, according a statement by MoPMR.

The framework is part of the financial, commercial, and regulatory arrangements needed to advance the project. It is intended to facilitate the transportation of gas from Aphrodite to Egypt, where it could be received, processed, and liquefied for domestic use or export, depending on market demand and the project's commercial viability.

Located in Block 12 of Cyprus' exclusive economic zone, Aphrodite is operated by Chevron alongside Shell's BG Cyprus subsidiary and NewMed Energy.



EXPLORATION AND DRILLING

TAG Oil Drills to 4,102m, Eyes 500 mmbbl Oil Potential in Western Desert



TAG Oil, the Canadian oil and gas Exploration Company, has reached the targeted Abu Roash Formation (ARF) reservoir at Badr Oil Field (BED-1) in the Western Desert after drilling its T-200 well to 4,102 meters (m). Test results for the initial production are expected in late October 2026, noted a press release by the company.

The well intersected top of the targeted reservoir at 4,100 m, in line with geological forecasts, while drilling costs remained within budget, according to the release.

TAG Oil will begin running the seven-inch liner casing string before resuming drilling through the remaining ARF section to a projected total depth of about 4,200 m. Upon reaching total depth, the company will begin completion and testing operations.

In Egypt's Western Desert, TAG Oil is developing the unconventional heavy oil potential of ARF in BED-1. An independent reserves evaluation indicates that the target formation may contain more than 500 million barrels (mmbbl) of oil in place, according to the company.

EGPC to Launch Multi-client Seismic Survey in Western Desert

The Egyptian General Petroleum Corporation (EGPC) has awarded a new multi-client seismic survey in the Western Desert to a specialized firm, with work set to begin shortly. The project, announced at EGPC's SCOUT exploration forum, aims to update studies in under explored areas and bolster investment prospects in Egypt's petroleum sector.

Ahmed Kamal, EGPC's Deputy CEO for Exploration, announced the agreement in his opening remarks at EGPC's periodic SCOUT exploration forum. He noted that the survey will cover areas not subjected to recent surveys, supporting the evaluation of exploration prospects and efforts to attract new investment. "This survey raises our ambitions to deliver stronger outcomes, and it reminds us that we must continually push for higher results to unlock the full value of Egypt's petroleum resources," Kamal said.

The forum brought together exploration and investment officials, technical experts and representatives of international and joint-venture companies operating in Egypt to discuss available investment opportunities, including exploration prospects, discovered fields and mature assets.

INVESTMENT

Chevron, EGAS Sign $88 Mn Lotus Offshore Exploration Agreement



Karim Badawi, Minister of Petroleum and Mineral Resources, witnessed the signing of an $88 million minimum investment agreement between the Egyptian Natural Gas Holding Company (EGAS) and Chevron Egypt Holdings Ltd for oil and gas exploration in the Lotus offshore area in the Mediterranean.

The agreement covers drilling two exploratory wells and reprocessing three-dimensional seismic data in the Lotus offshore area, which is about 200 km off the Mediterranean coast, where water depths range from 2,000 to 2,800 meters.

Badawi said expanding Egypt's exploration map remains a key part of the ministry's strategy to increase domestic oil and gas production. He added that the ministry continues to offer new areas to international companies and use available geological and seismic data alongside new seismic surveys.

EGAS Executive Managing Director Sayed Selim and Chevron Exploration Manager for the Middle East, North Africa, and Mediterranean Andrew Degan signed the agreement in the presence of Chevron Egypt Country Manager Channa Kurukulasuriya and senior officials from the ministry and EGAS.

Egypt Draws $6.7 Bn in Oil, Minerals FDI in FY2025/26



The Egyptian oil and mineral resources sector attracted $6.7 billion in Foreign Direct Investment (FDI) during fiscal year (FY) 2025/26, up from $6.2 billion a year earlier, according to the Central Bank of Egypt's (CBE) balance of payments (BoP) report.

According to the report, net inflows reached $190.2 million, largely supported by an increase in greenfield investments by foreign companies. Concurrently, sector outflows-which cover cost recovery for exploration, development, and operations incurred by foreign partners-rose from $5.6 billion to $6.5 billion.

The increase in oil-sector investment inflows comes as Egypt seeks to raise domestic hydrocarbon production, attract international oil companies (IOCs), and reduce its reliance on imported petroleum and natural gas.

Egypt has secured more than $19 billion in investment commitments from international oil companies over the next three years.

Cheiron Debuts in Peru with Block 192 Oil License



Cheiron announced its entry into Peru after signing the Block 192 license, the country's largest oil concession by reserves, according to a statement on October 24.

Cheiron will lead efforts to reactivate and develop the block over the long term, with a focus on operational excellence, environmental responsibility, and creating economic and social value for local communities.

Cheiron reaffirmed its commitment to working with Petroperú and commended PERUPETRO for its efforts to advance the development of Peru's hydrocarbon resources.

Peru becomes Cheiron's fourth market, joining Egypt, Mexico, and Romania in its international portfolio.

The expansion supports the company's long-term growth strategy and complements its continued investment in Egypt, which remains central to its operations and its commitment to national energy security.

FUEL PRICES

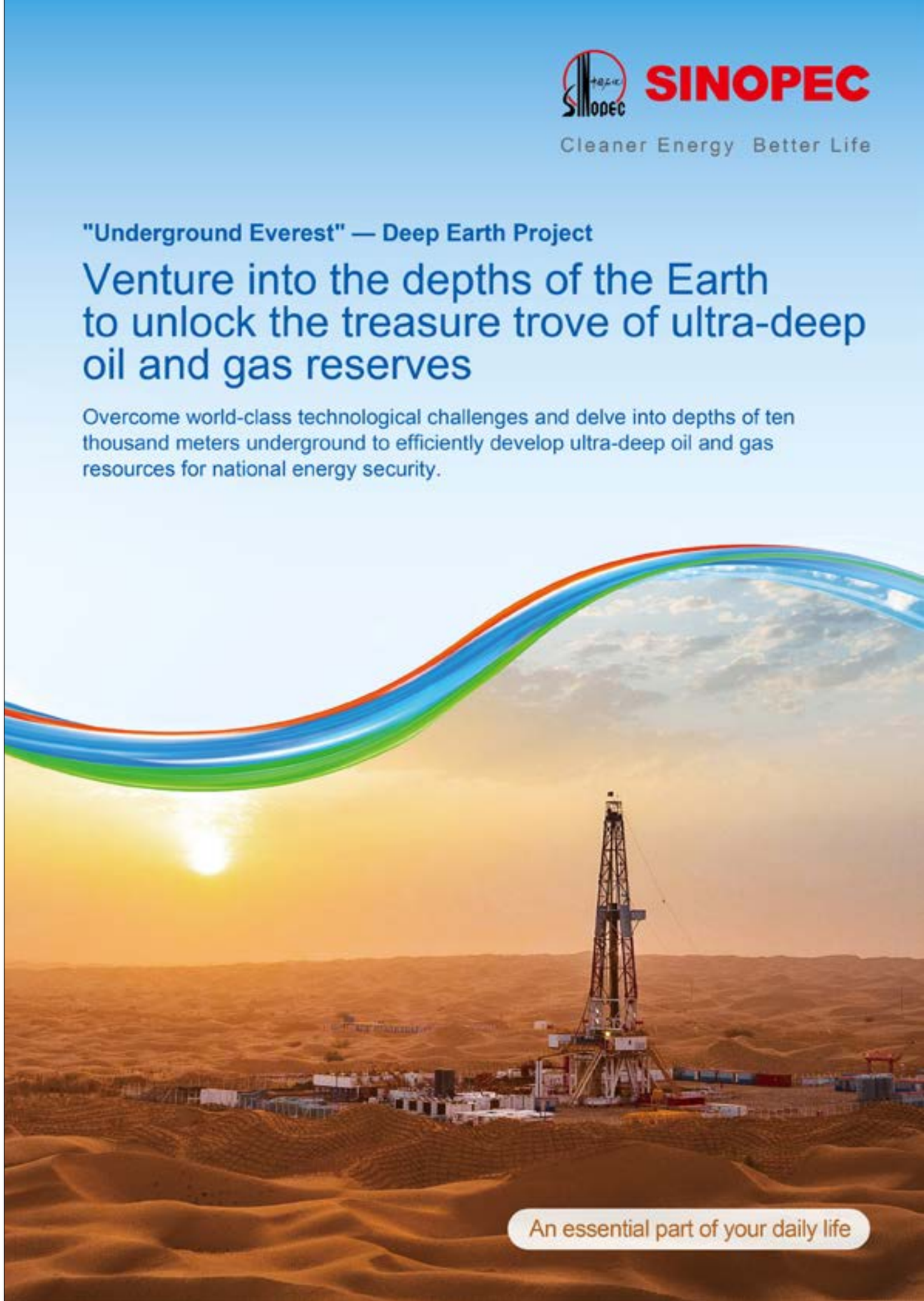
Egypt Keeps Fuel Prices Steady for Q3 2026 Despite Global Oil Market Volatility

Egypt's Fuel Automatic Pricing Committee (FAPC) has decided to keep domestic petroleum product prices unchanged for the third quarter (Q3) of 2026, according to a statement on October 15.

FAPC said it took its decision after reviewing exchange rate movements and Brent crude prices during Q3 2026, compared with the previous quarter.

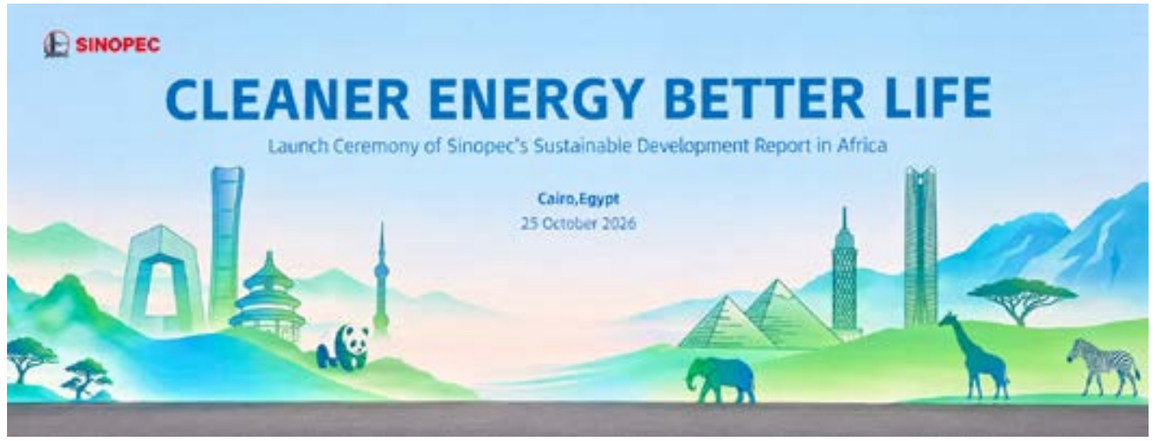
The committee added that the decision was also taken following reviewing domestic and international developments affecting its pricing formula, including global petroleum product prices and pricing measures implemented in previous periods.

Brent crude rose from around $91 per barrel in August to an average of $114 in September. Prices peaked above $126 in early October before easing to around $104–106 this week amid talks on easing sanctions. On October 15, Brent crude traded at around $104.5–105.8 per barrel.



BRIDGING ENERGY AND COMMUNITY:

SINOPEC UNVEILS FIVE-YEAR AFRICA SUSTAINABILITY REPORT IN CAIRO



China Petrochemical Corporation (Sinopec), the Beijing-based integrated energy and chemical conglomerate, hosted a landmark gathering in Cairo on 25 October to officially release its Sustainable Development Report in Africa (2021–2025). The occasion was further highlighted by the debut of Sinopec's new global sustainability communication brand, WE17.

The report highlights Sinopec's sustainability-related activities across 16 African countries, through five dimensions: win-win cooperation, harmonious coexistence, joint talent cultivation, joint cultural prosperity, and shared happiness.

These dimensions cover energy-sector investment and operational cooperation, environmental protection and workplace safety, employee development and well-being, cultural exchange, and community services.

"From 2021 to 2025, we operated in 16 African countries. Our cumulative investment over the five-year period totaled $5.7 billion, while our tax contributions and social responsibility investments exceeded $4 billion, directly creating 16,000 local jobs," said Wei Dong, Managing Director of Sinopec's Africa Office, in his opening remarks to the event, which was also attended by some Egyptian, Chinese and foreign energy industry leaders and diplomats.

As of December 2025, Sinopec has implemented 33 projects across 16 African Countries, according to the report. These countries include Egypt, Algeria, Angola, Cameroon, Gabon, South Sudan, Uganda, Kenya, Nigeria, Ethiopia, Tanzania, Djibouti, Senegal, Chad, Ghana, and Congo.

WE17: A Global Platform for Local Impact

WE17 serves as Sinopec's global communication brand for sustainable development, embodying the company's solemn commitment to building a sustainable future.

It focuses on three core values: green and clean development, care for people, and cultural exchange among civilizations. The brand's projects are aligned with the United Nations' (UN) 17 Sustainable Development Goals (SDGs), according to Dong.

Cairo's Strategic Role in Sinopec's African Vision

In Egypt, "Sinopec has always been an active participant in Egypt-China Friendship Association's social and charitable activities, contributing to social ties and people-to-people relations between Egypt and China," said Magdy Amer, a Board Member of the Egypt-China Friendship Association and a former Egypt's ambassador to China. Amer added that Sinopec has built a world-class Chinese brand that combines professional management, operational capabilities, business vision, and a sense of responsibility.

> **"From 2021 to 2025, we operated in 16 African countries. Our cumulative investment over the five-year period totalled $5.7 billion, while our tax contributions and social responsibility investments exceeded $4 billion, directly creating 16,000 local jobs"**
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> 
>
> **Wei Dong**
> Managing Director of Sinopec's Africa Office

Zhao Liuqing, Minister Counselor for economic and commercial affairs at the Chinese Embassy in Egypt, echoed Amer's remarks, saying, "As a major power in Africa and the Arab world, Egypt serves as a crucial fulcrum for practical cooperation between China and Africa, as well as between China and the Arab world."

"By choosing Cairo to release this report, Sinopec positions Egypt as a key platform to showcase the overseas corporate social responsibility practices of Chinese enterprises, foster people-to-people connectivity, and promote cultural exchange across Africa," he added.

Sinopec is engaged in close collaboration with Egyptian partners such as the Egyptian Ministry of Petroleum (MoPMR), The Egyptian General Petroleum Corporation (EGPC), and US Apache Corporation.

"Sustainability is not something any company achieves alone. It requires collaboration among operators, investors, governments, communities, and industry partners working toward common goals," said Greg McDaniel, Senior Vice President, International Assets at Apache Corporation.

In 2013, Sinopec acquired a 33% stake in Apache Corporation's Egyptian oil and gas operations.

McDaniel noted that over the past seven years, Apache's partnership with Sinopec has focused on achieving measurable sustainability through three key areas: reducing emissions, improving operational efficiency, and supporting the local communities.

From Emissions Reduction to Community Development

During the event, Wei Dong delivered a presentation that highlighted some key findings of Sinopec's Sustainable Development Report in Africa.

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> **Zhao Liuqing**
> Minister Counselor for economic and commercial affairs at the Chinese Embassy in Egypt

He shed light on the company's partnership with Apache Corporation, including new oil and gas discoveries as well as applying energy-saving and carbon reduction processes in the Western Desert oilfields.

Through this partnership natural gas compressors were installed across seven development blocks that helped recover and reuse flare gas. The project reduced flare gas combustion by more than 60% cumulatively by the end of 2025, Dong noted.

Transmission lines were also constructed in the Bolt, TUT, and WON blocks to reduce diesel consumption and greenhouse gas emissions. In addition, Vapor recovery units were installed in the Kalabsha and Umbarka blocks and are expected to reduce greenhouse gas emissions by 40%.

Sinopec had also implemented 33 projects in 16 African countries, covering oil and gas investment, lubricant production, oil filter services, refining and chemical engineering, he added.



Cultural & Social Impact

On the dimension of achieving joint culture prosperity, Dong stated that, “Sinopec remains committed to serving as a bridge for cultural exchanges between the peoples of China and Africa. We have organized cross-cultural exchange activities, multicultural salons and events.”

Sinopec has introduced its Silk Roadhouse–China Bookshelf initiative in Egypt and other African countries, providing nearly 4,000 Chinese-themed books on economic, social, and cultural topics.

The company has also organized cultural exchange activities with some universities in Egypt and Algeria where young people will be chosen to travel to Chengdu and Shanghai to embark on an exploration tour of China. In 2026, China held two events in both countries to look for envoys and is expected to select 10 young people to visit China for cultural exchange experience.

Under the shared happiness dimension, Dong reviewed Sinopec’s community development initiatives, including those conducted in Egypt in partnership with Apache for launching the Girls' Education Support Program, building 20 schools for girls and renovating more than 100 school buildings. The initiative has provided educational opportunities for more than 15,000 girls, according to the report.

“This is our concrete practice in promoting inclusive, equitable, and quality education. Standing at a new starting point in the 70-year history of China-Africa diplomatic relations, Sinopec will continue to be guided by the spirit of sincerity, real results, amity, and good faith,” Dong concluded.



> **“Sustainability is not something any company achieves alone. It requires collaboration among operators, investors, governments, communities, and industry partners working toward common goals”**



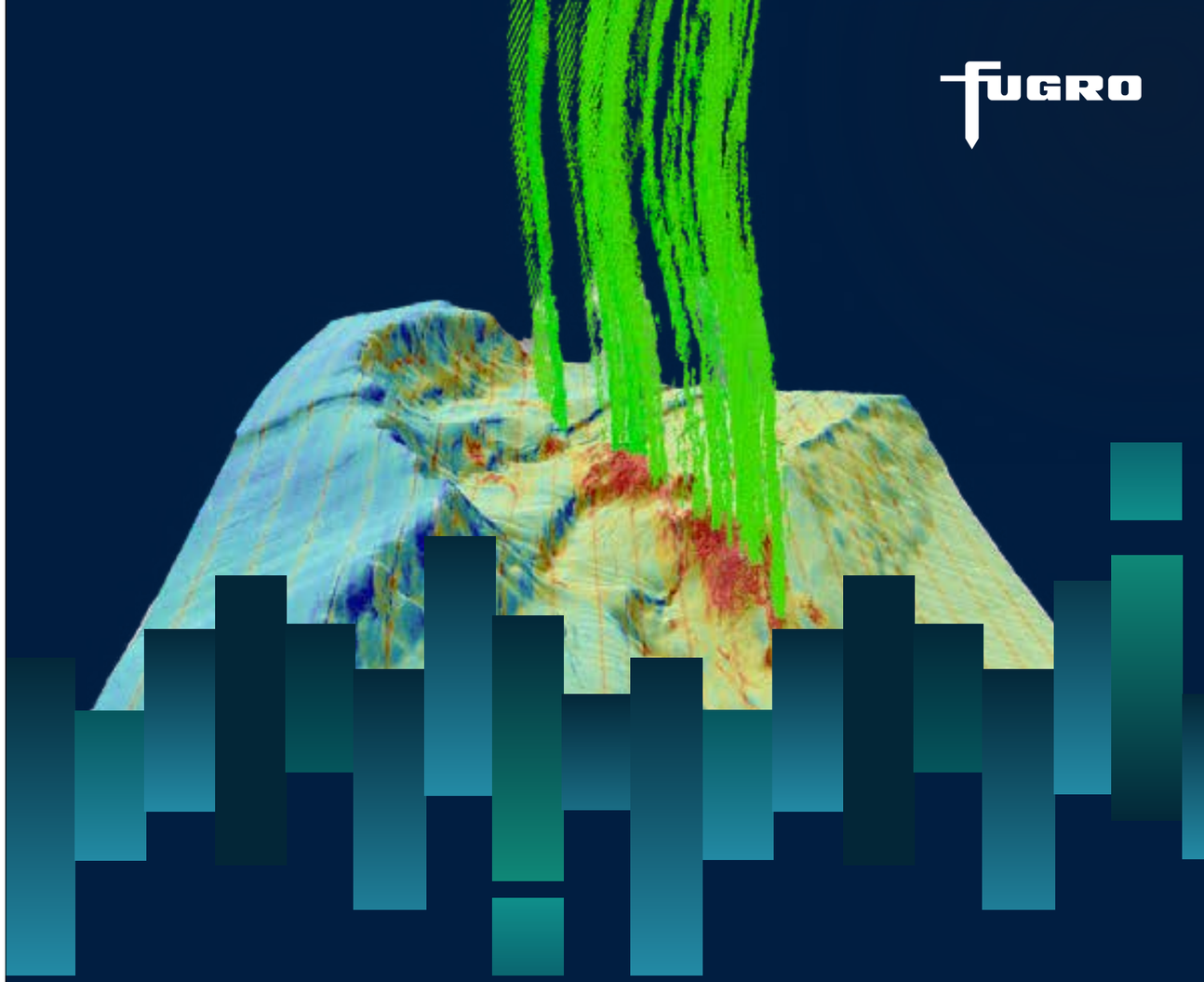
Greg McDaniel
Senior Vice President for International Assets at Apache Corporation

Sinopec has operated in Africa for around 30 years, with activities spanning oil and gas resource investment, petroleum engineering and technical services, refining and chemical engineering services, and energy and chemical product trading. According to the report, the company has also built more than 70 water plants and extended over 4,300 kilometres (km) of water transmission pipelines to provide clean water to local communities in Africa.

The launch of Sinopec’s Sustainable Development Report in Africa reflects both the growing scale of the company’s footprint on the continent and the increasing emphasis on demonstrating tangible environmental and social outcomes alongside energy investment. By choosing Cairo as the venue for the report’s release, Sinopec also underscored Egypt’s importance as a strategic partner in China-Africa relations and a platform for wider regional cooperation. As African countries seek to balance economic development, energy security and sustainability goals, the company’s experience across 16 markets highlights the expanding role that international energy partnerships can play in supporting this transition.



FUGRO

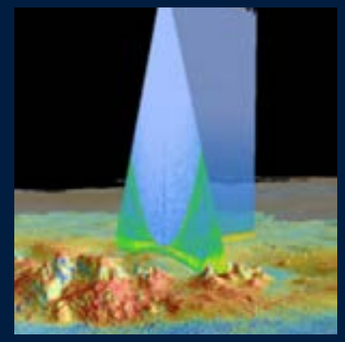


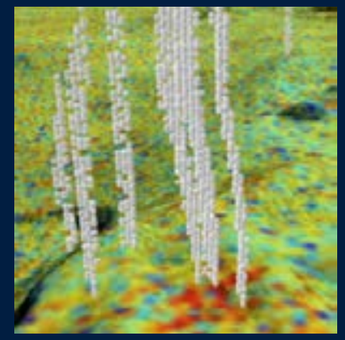
SEEP HUNTING

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- Strengthen basin evolution models with heat flow and geochemical insights
- Target exploration efforts on the most promising areas





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Beyond the Oilfield

The Evolving Role of Egypt's Petroleum Service Companies

By Nermeen Kamal & Kholoud Gamal

Egypt's petroleum sector is evolving from a focus on managing decline in production to driving towards growth, with service providers at the forefront. The Ministry of Petroleum and Mineral Resources (MoPMR) is pursuing fiscal reforms in conjunction with a services-led agenda to maintain output, drive efficiency gains, and reduce the time to first production, according to the MoPMR.

Service companies are supporting activity from exploration and production through midstream infrastructure to refining and petrochemicals. Their impact goes beyond individual technical functions. Through the combination of engineering expertise, cutting-edge technology, and data-driven operational support, these providers influence the performance, cost, and commercial viability of a given asset or new development directly.

As operators strive to extract maximum value from their existing assets and accelerate new projects, service providers are assuming a longer-term operating partner role, rather than a short-term contractor role. Partnerships between international technology firms and Egyptian engineering and project-execution companies enable the combination of global expertise and local execution capabilities, according to the MoPMR.

This report analyses Egypt's petroleum services sector across the value chain in 2024–2026. It highlights projects and service demand, technology partnerships and memoranda of understanding (MoUs), and digital applications, before examining regional expansion, cross-border partnerships and Egypt's potential as a regional petroleum services hub.

Market Landscape: Toward Integrated Digital Services

Egypt's petroleum services market is shaped by the structure of the oil and gas value chain, with digital and data-based services playing a growing role across these functions.

Service Demand Across Petroleum Value Chain

■ Sector ■ Main Services

Upstream
Seismic and geoscience; drilling and well construction; completions and intervention; production optimization

Downstream
Refinery and petrochemical EPC; turnarounds and maintenance; process engineering

Midstream
Pipeline and gas-processing engineering, procurement, and construction (EPC); compression and treatment; integrity and maintenance

Cross-cutting
Data and digital platforms; automation and monitoring; training; Quality, Health, Safety, and Environment (QHSE)

Egypt's petroleum services paradigm is shifting toward more integrated, performance-oriented, and digitally enabled delivery.

This is seen in the adoption of Integrated Project Management (IPM) contracts, which bundle multiple project activities under a single management framework, and Lump-Sum Turnkey (LSTK) contracts, under which a contractor delivers a defined project scope for an agreed lump sum.

In February 2026, the Egyptian General Petroleum Corporation (EGPC) proposed a shift toward performance-based contracting, linking payments to measurable outcomes, rather than hours worked and materials supplied.

Meanwhile, the proposed Technip Energies-ENPPI-Petrojet joint venture (JV) is a push to combine international technology and expertise with Egyptian engineering and execution capabilities to deliver front-end engineering design (FEED) and engineering, procurement and construction (EPC) projects in Egypt and abroad, according to the MoPMR.

The Value Chain in Action

Upstream

Projects Driving Service Demand

Egypt's upstream service market is being driven by the need to increase drilling and to boost production from existing fields. The five-year exploration plan, announced by the MoPMR in February 2026, entails 484 exploratory wells and more than $5.2 billion in investment, with the 2026 program involving 101 wells.

Selected Upstream Services Projects

■ Project ■ Status ■ Location

SAIPEM	PMS			
Zohr-6 sidetrack drilling	West Delta Deep Marine Phase XI	West Burullus and Zaafarana field development projects	North Safa Field Development Phase II	Harmattan Gas Field Development
Completed, June 2025	Executed during 2025		Completed, July 2026	Contract signed, April 2026
Mediterranean Sea		Mediterranean Sea & Gulf of Suez	Gulf of Suez	Mediterranean Sea

■ Project ■ Status ■ Location

subsea 7	West Mina Deepwater Development	Under execution, 2026	Mediterranean Sea

Technology and Strategic Collaborations

Technology adoption in the upstream industry of Egypt is beginning to focus more on enhanced subsurface understanding, unlocked reservoirs, and improved asset productivity.

The SLB-Viridien Ocean Bottom Node (OBN) seismic program, agreed with the Egyptian Natural Gas Holding Company (EGAS) in November 2025, covers 95,000 square kilometers (km²) of the Eastern Mediterranean, according to the MoPMR.

SLB–Viridien OBN Seismic Survey Highlights

No. of Phases **3** | Duration **7** years

Phase 1 Details

Start Date	Area	Planned Investments
2026	18,000 km²	$117 million

In addition, Halliburton agreed with the MoPMR to carry out extensive technical and economic studies on the implementation of horizontal drilling and hydraulic fracturing in Egyptian fields. Fracturing operations at Badr El Din fields are an example of innovative well-stimulation technologies that can be used to increase production from existing fields, according to the MoPMR.

Digital Solutions Emergence

Egypt's digitalization efforts include real-time production data, a central data repository, and digital oil field automation initiatives to help the MoPMR reverse falling production, improve data transparency to attract investors, and reduce costs and emissions.

Egypt Upstream Gateway (EUG) is a digital subsurface data repository built by Schlumberger's (SLB) digital technologies and was developed in cooperation with EGPC on the company's GAIA digital subsurface platform, which gives investors access to digitized subsurface information and hosts digital bid rounds, according to SLB.

Additionally, the Egypt Production Digital Center (EPDC) provides EGPC with real-time information on production, forecasts, sales, and contracts, according to the MoPMR.

The Khalda Digital Oil Field project utilizes CygNet supervisory control and data acquisition (SCADA) and ForeSite technologies. The project's Phase 1 covers 100 wells, while Phase 2 will add another 150 wells, according to the MoPMR.

Upstream Digital Transformation Partnerships

February 2024

Partners & Collaboration	Project Objectives
HUAWEI, EGPC	Digital transformation of EGPC operations

March 2025

Partners & Collaboration	Project Objectives
Weatherford, KHALDA	Digital Oil Field (DOF) expansion MoU

February 2025

Partners & Collaboration	Project Objectives
AVEVA	Software systems cooperation & staff training
Enppi, SIEMENS	Industrial digital transformation agreement
IBM	Digital transformation consulting
AVEVA, MEEG, PMS	Digital twin & 3D modeling

Midstream

Dynamic Service Demand and Projects

Egypt has an extensive midstream base connecting production areas with processing facilities, storage hubs, liquefied natural gas (LNG) terminals, and major consumption centers.

The national gas grid extends around 8,200 kilometers (km) with transportation capacity of about 8.83 billion cubic feet per day (bcf/d) by the first quarter (Q1) 2023, while the petroleum pipeline network covers around 6,300 km, providing the physical backbone for moving gas, crude oil, and petroleum products across the country, according to MoPMR and GASCO.

This infrastructure supports midstream services across gas transportation, processing, LNG regasification, and asset operations.

At Train D of the Western Desert Gas Complex, Egyptian Natural Gas Company (GASCO) is the project owner and operator. Engineering for Petroleum and Process Industries (ENPPI) and Petrojet formed the project consortium, with ENPPI providing engineering and procurement services and Petrojet supporting execution. The project added 600 million cubic feet per day (mmcf/d) of processing capacity, according to MoPMR.

At Ain Sokhna, GASCO carried out the technical and engineering studies, procurement, and project management for the Arab Petroleum Pipelines Company (SUMED) and Sonker LNG import connections, while Petrojet executed the marine and onshore pipelines, including a 36-inch, 17-km gas line at Sonker and two 16-inch loading arms, according to ENPPI and the MoPMR.

Tech Alliances and Strategic Partnerships

Egypt's midstream service capabilities are increasingly supported by targeted national and international partnerships in network modernization, low-carbon infrastructure, process safety, and advanced engineering.

Key Midstream Technology Partnerships

Date	Local Partner	Partner	Focus
February 2024	GASCO	RINA	Hydrogen blending
		CHIYODA CORPORATION, Axens	Hydrogen & carbon reduction
October 2024		DESFA	Gas, hydrogen & CO_2 transport
		BAKER RISK	Process safety & energy efficiency
February 2025			CCUS cooperation

Smart Software and Digital Solutions

Egypt's midstream digitalization increasingly relies on real-time monitoring, automated measurement, and network-control systems. GASCO currently operates the National Advanced Transmission and Automation (NATA) system through a SCADA center, 12 control workstations, and a backup control center in Suez. The system supports real-time monitoring and operation of the national gas grid, according to GASCO.

Digital applications have expanded more visibly across petroleum pipelines and storage infrastructure.

In May 2024, the Petroleum Pipelines Company (PPC) completed the first phase of remote flow measurement, installing 77 devices across 10 pipelines, and inaugurated the first phase of its SCADA control and monitoring system, including early leak detection, according to MoPMR.

Meanwhile, EGPC signed an MoU with DNV, Siemens, and Enxpert Energy in 2025 to modernize Egypt's petroleum +7,000 km pipeline network through digital twin modeling and real-time monitoring, according to DNV.

Downstream

Demand for Services Across Projects

Egypt's refining and petrochemical activities are witnessing rising demand for specialized petroleum services for upgrading, optimizing, and expanding production capacities, driven by a 22.4% increase in refining activity in the third quarter (Q3) of fiscal year (FY) 2025/26.

Increasing the utilization rate of refineries from 66% to 80% will boost demand for services to optimize existing installations, increase capacity, and use locally-produced petroleum products to offset Egypt's fuel imports, according to the Egyptian Cabinet and MoPMR.

In cooperation with Technip Energies, ENPPI and Petrojet are set to commission the approximately $3 billion Assiut Hydrocracking Complex, which is designed to process 2.5 million metric tons per year (mmt/y) of mazut and 1.2 mmt/y of middle distillates into 2.8 mmt/y of Euro V diesel. As of the first half (H1) of 2026, the project is expected to be more than 85% complete, reported by EGPC.

In the meantime, Technip Energies, ENPPI and Petrojet commissioned the $2.7 billion Middle East Oil Refinery (MIDOR) expansion in Alexandria, which increased refining capacity by 60% to 160,000 barrels per day (bbl/d) and entered commercial production in Q1 of 2024, according to MIDOR.

Downstream Projects Fueling Service Demand

Date	Project	Companies	Targeted Capacity
June 2024	NPC Expansion		1.2 mmt/y
August 2025	Coking and Diesel Production Complex	Enppi, Petrojet	1.75 mmt/y
May 2026	Sustainable Aviation Fuel (SAF) Project	Honeywell, ESAF	-

Digital and Technology Applications

Downstream digitalization focuses on fuel distribution, pipeline integrity, and data infrastructure. EGPC signed a deal with Cisco in 2025 to build a unified data center for the petroleum sector, with the technology provider designing and constructing the cloud infrastructure, according to MoPMR.

The digitalization drive continued in FY 2025/26, with EGPC installing automatic tank gauging (ATG) systems for fuel-station inventories, remote terminal gauging (RTG) systems for shipping-depot tanks, and SCADA systems for the petroleum transportation network. The company is also introducing unified digital platforms for safety indicators and environmental-performance monitoring, according to the MoPMR.

Regional Expansion and Market Opportunities

Regional Petroleum Services

Egyptian petroleum-service companies are expanding their presence across the Middle East and Africa, supported by engineering and execution capabilities developed in the domestic market.

ENPPI recorded approximately $1.34 billion in contracts in 2025, with around 97% generated from overseas markets. Its international activities include a roughly 500 km pipeline project for Abu Dhabi National Oil Company (ADNOC), according to MoPMR.

Petrojet's portfolio also extends to Algeria, where the Hassi Bir Rekaiz project is valued at around $1.1 billion and includes approximately 217 km of pipelines and processing facilities designed for around 32,000 bbl/d.

In Oman, Petrojet and ENPPI were selected within a six-year EPC framework under which four contractors or consortia can compete for a project portfolio exceeding $6 billion, according to MoPMR.

Expanding Egypt's Petroleum Services Footprint

Market	Main Service Type
UAE	Gas processing, LNG-related infrastructure
Oman	EPC opportunities
Algeria	Pipelines and processing facilities
Jordan	Gas infrastructure and metering
Saudi Arabia	Gas distribution networks

Cross-Border Energy Partnerships

Regional gas developments are creating additional opportunities for Egyptian engineering and infrastructure services because new volumes will be routed through Egypt for processing and export. Cyprus's Cronos development reached a final investment decision, with production targeted for 2028 and gas planned to be transported to Egypt for processing and export. Progress is also continuing on Aphrodite, where the Host Government Agreement was initiated in March 2026, and the planned offshore pipeline to Egypt is expected to extend around 280 km toward Port Said, according to MoPMR.

The pipeline of potential cross-border projects is expanding further. ExxonMobil and QatarEnergy signed a memorandum of understanding in May 2026 to examine development of the Glaucus and Pegasus discoveries using Egyptian infrastructure. These developments can generate future demand for subsea engineering, pipelines, processing, metering, operations, and related technical services according to MoPMR.

Regional Energy Links Creating New Service Demand

Cross-Border Development	Potential Opportunity for Egyptian Services
Cronos	Gas processing and export-related services
Aphrodite	Subsea engineering and offshore pipeline services
Glaucus & Pegasus	Technical studies, infrastructure planning, and future processing options

Egypt's Regional Services Hub

Egyptian petroleum service companies are increasingly expanding their regional operating footprint. The Egyptian Drilling Company (EDC), which owns and operates 66 drilling and workover rigs, is already active in Saudi Arabia and Kuwait, while targeting further expansion into the United Arab Emirates (UAE), Oman, Türkiye, West Africa, and other markets. Petroleum Marine Services (PMS) has also expanded regionally, opening a branch in Saudi Arabia and completing registration procedures in the UAE, supported by 44 new contracts and assignments worth $310.7 million in 2025. Together, these developments show that Egypt's petroleum-services base is not only large domestically, but is increasingly being deployed across regional markets, according to MoPMR.

Egypt's petroleum sector is strengthening across the full value chain, supported by improved upstream investment conditions, expanded midstream infrastructure, stronger refining and petrochemical performance, and a broader domestic service base. At the same time, Egyptian petroleum service companies are increasingly using these capabilities to expand into regional markets and support cross-border energy projects. The next phase will depend on converting these investments and technical capabilities into higher production, more efficient infrastructure, lower import dependence, and a stronger regional presence.



EGYPT'S DEEPWATER EXPLORATION: BUILDING ON DISCOVERIES, PURSUING NEW FRONTIERS

By Fatma Ahmed

Egypt's deepwater exploration is becoming increasingly important to securing future gas supplies, attracting investment, and reversing declining domestic production. Karim Badawi, Minister of Petroleum and Mineral Resources, said that the natural gas industry, particularly in the deepwater areas of the Mediterranean, requires substantial long-term investment for further exploration to replenish reserves and meet rising demand. With domestic production falling short of consumption, Egypt has been more dependent on imported gas for the last three years.

Deepwater exploration offers an opportunity to discover new resources and strengthen energy security. However, success will depend not only on making new discoveries but also on developing them into commercially viable projects. This will require advanced technologies, substantial investment, and competitive petroleum agreements that encourage international companies to take on the high costs and risks of deepwater exploration.

Unlocking the Mediterranean's Potential

Egypt's deepwater exploration is concentrated mainly in the Mediterranean Sea, where major discoveries have demonstrated significant gas potential and encouraged further investment. The Red Sea, by contrast, remains a less-explored frontier due to its limited geological data, complex tectonic structures, and challenging offshore conditions. Further seismic surveys and exploratory drilling are needed to improve understanding of its geological formations and determine whether they contain commercially viable oil and gas resources.

According to Ahmed Elsayed, Senior Staff Wells Engineer at Cherion: "Egypt's deepwater investment is longstanding but costs, geological complexity and commercial uncertainty constrained expansion". He also noted that geological evidence from the Mediterranean generally points to natural gas as the main exploration target, with oil discoveries being less common. In contrast, the Red Sea has the potential to contain both oil and gas, with geological conditions more favorable to oil accumulation.

Zohr and Beyond

The Mediterranean's potential became particularly evident in 2015, when Eni discovered the Zohr gas field in the Shorouk concession. One of the largest natural gas discoveries in the Mediterranean, Zohr was brought on stream in December 2017, less than three years after its discovery with estimated gas resources of approximately 30 trillion cubic feet (tcf) in place, according to Eni's initial assessment in 2015. Its rapid development demonstrated the potential of Egypt's offshore resources and the role of advanced technology and international partnerships in developing major deepwater fields.

Building on this milestone, operators have continued to advance offshore opportunities. Chevron and its partners Eni, Mubadala Energy, and Tharwa Petroleum appraised the Nargis discovery in 2026, confirming additional gas-bearing intervals, with further evaluation underway. Exploration is also expanding into the Western Mediterranean, where Shell's Velox-1X well indicated oil potential. Meanwhile, Chevron secured the Lotus offshore area under a new agreement with Egyptian Natural Gas Holding Company (EGAS), while bp's Arcius Energy joint venture plans two deepwater wells as part of a broader drilling campaign.

From Seismic Acquisition to New Offshore Opportunities

Egypt is advancing deepwater gas exploration through seismic surveys, offshore agreements, and development of existing discoveries.

In October 2026, the Ministry of Petroleum and Mineral Resources (MoPMR) announced an ocean-bottom node (OBN) seismic survey in the Eastern Mediterranean, covering 18,000 square kilometers in its first phase as part of a wider program targeting 95,000 square kilometers. OBN surveys deploy recording devices on the seabed to map subsurface rock formations, helping identify potential oil and gas accumulations. EGAS, SLB, and Viridien are implementing the survey to improve subsurface imaging, identify geological prospects, and reduce exploration risk.

The West Delta Deep Marine (WDDM) concession remains central to deepwater development. In August 2026, Shell and its partners reached a final investment decision on Phase 12A, comprising three deepwater subsea wells tied to existing infrastructure, with production expected in 2028.

West Mina, discovered by Shell in 2023 in the Northeast El-Amriya concession, is another key project moving toward development. Shell and Kuwait Foreign Petroleum Exploration Company (KUFPEC) approved the project in July 2025. Connected to WDDM infrastructure, its first phase is expected to add around 160 million cubic feet per day (mmcf/d).

Egypt is also pursuing underexplored ultra-deepwater prospects in the Western Mediterranean and Herodotus Basin, with operators including TotalEnergies supporting exploration efforts. Further drilling will be required to determine their commercial viability.

Alongside existing projects, the government is seeking to attract new investment through offshore acreage offerings and international partnerships.

The August 2026 international bid round offered 14 blocks: eight EGAS' blocks in the Mediterranean Sea, Nile Delta, and North Sinai, and six Egyptian General Petroleum Corporation (EGPC) blocks in the Gulf of Suez, Sinai, and Western Desert. While not all are deepwater blocks, the round aims to attract further investment. The Red Sea remains another frontier, with four blocks offered in November 2025 to encourage exploration in the less-explored basin.

Assessing the strongest opportunities will require distinguishing between established discoveries, appraisal activity, and frontier acreage. Elsayed identified areas near the proven Nile Delta and Zohr petroleum systems as among the most promising prospects.

"{Egypt should} prioritize opportunities near the proven Nile Delta and Zohr systems. Mature producing areas and sanctioned developments such as WDDM offer lower-risk growth, while Velox and Red Sea acreage represent longer-term frontier opportunities." he noted.

The Complexities of Going Deeper

Egypt's deepwater gas ambitions face significant technical and financial challenges. Offshore projects in the Eastern Mediterranean require advanced technology, substantial capital, and long development timelines. The MoPMR has highlighted the high costs and risks of deepwater development, making investment incentives and flexible contractual frameworks key to attracting operators.

A core challenge is improving subsurface imaging to reduce exploration uncertainty and identify viable geological targets. The MoPMR's adoption of OBN seismic technology reflects the growing importance of high-resolution data in supporting exploration decisions.

Commenting on the technologies required to advance deepwater exploration, Elsayed emphasized the need for advanced geological analysis alongside reliable drilling and production systems.

"Advanced seismic imaging, including full-waveform inversion, and integrated geological models can reveal subsalt opportunities. Reliable well construction, subsea tiebacks and flow assurance are essential to commercializing discoveries," he explained.

Beyond exploration, deepwater projects require specialized drilling rigs, subsea production systems, and supporting infrastructure. These requirements increase complexity and capital expenditure, particularly in ultra-deepwater areas where harsh operating conditions and distance from existing infrastructure pose additional challenges.

Commercial considerations are equally important. Deepwater developments require substantial upfront investment, lengthy lead times, and carry exploration risk. According to Elsayed, stable contractual terms, commercially viable gas prices, and reliable payment mechanisms remain critical to attracting investment.

"Phased appraisal, shared infrastructure and partnerships can reduce costs and exposure in deep water; commercial success ultimately means delivering gas competitively," he said.

Elsayed also stressed that environmental and operational safeguards must accompany offshore expansion. These include independently verified well barriers, competent crews, emergency response arrangements, and plans for capping and relief-well mobilization. Marine baseline studies, habitat protection, discharge controls, and methane monitoring should also be incorporated from the earliest stages of development.

Deepwater: What Lies Ahead

Egypt's deepwater gas outlook will depend on the sector's ability to translate improved geological data and exploration activity into commercially viable discoveries and sustained production. The MoPMR is prioritizing expanded exploration, faster development of existing discoveries, and increased investment to strengthen domestic gas supplies.

Elsayed emphasized that realizing the country's deepwater potential will require a combination of geological understanding, technological capabilities, and commercially sustainable investment. Continued exploration and appraisal of promising areas, particularly around established petroleum systems, could help identify new opportunities while reducing uncertainty for international operators.

Ultimately, Egypt's ability to expand its deepwater gas resource base will depend on successful exploration, effective project development, and the ability to deliver newly discovered resources competitively. Sustained investment, technological advancement, and a supportive operating environment will remain central to turning offshore prospects into future production.

> **{Egypt should} prioritize opportunities near the proven Nile Delta and Zohr systems. Mature producing areas and sanctioned developments such as WDDM offer lower-risk growth, while Velox and Red Sea acreage represent longer-term frontier opportunities.**
>
> **Ahmed Elsayed**
> Senior Staff Wells Engineer at Cherion



THE ECONOMICS OF GOING DEEP:

WHY OFFSHORE GAS MATTERS TO EGYPT'S ENERGY FUTURE

By Sarah Samir

Deep-water exploration has become a key part of Egypt's upstream strategy as the country aims to reverse declining natural gas production, cut its dependence on costly liquefied natural gas (LNG) imports and reaffirm its status as a regional energy hub. Deepwater gas finds can be game changers, but they also rank among the most capital- and technology-intensive investments in the global energy business. The economics of these projects are therefore at the heart of Egypt's energy future.

Relieving Pressure on the State Budget

Egypt's renewed focus on deepwater exploration is driven by a mix of economic and energy-security factors. Growing domestic gas demand, declining output from mature fields and increasing LNG import needs have driven the critical need for new supply sources.

The financial implications are considerable as imported LNG comes at a significantly higher cost than domestically produced gas, according to Omar Youssef Sallam, Energy Consultant. "Imported LNG costs about $12–13.5 million British thermal units (MMBtu), while deepwater gas costs $6 to $7 per MMBtu. That leaves a saving of about $5–7.5/MMBtu." He said adding that 1 billion cubic feet per day (bcf/d) of imported LNG replaced by domestic production could save Egypt roughly $1.9-2.8 billion annually.

The Economics of Going Deep

There is significant money to be made in deepwater gas, but reaching that potential requires years of investment and a high tolerance for risk. Unlike onshore or shallow-water developments, deepwater projects demand massive upfront spending long before the first molecule of gas reaches the market.

The spending begins during exploration, when operators invest heavily in advanced seismic imaging, geological modeling, and exploratory drilling. Identifying reservoirs buried beneath deep waters and complex geological formations often requires sophisticated 3D and 4D seismic surveys, adding substantially to early-stage costs.

Drilling is another major financial hurdle. Ultra-deepwater wells can cost hundreds of millions of dollars, with companies facing the constant risk of drilling dry wells that yield no commercial discovery.

Recent activity underscores the scale of investment required. In January 2026, the Egyptian Natural Gas Holding Company (EGAS) announced plans to continue expanding the giant Zohr field and drill two new wells at a combined cost of about $360 million.

Yet drilling is only part of the equation.

"The biggest cost burden is typically offshore development and subsea infrastructure, not exploration drilling alone," said Mohamed Basyouni, Global Geological Strategist with a PhD in Geology. "Deepwater wells are expensive, but the real economic challenge lies in the combined cost of subsea wells, flowlines, pipelines, SURF systems, offshore facilities, and the logistics needed to install and operate them. The deeper the water and the farther the project is from existing infrastructure, the higher the capital requirements."

Once a discovery is made, operators must finance extensive subsea networks, pipelines, production systems, and processing facilities. These developments often take years to complete before generating any revenue. During that period, companies remain exposed to financing costs and commodity-price swings, adding another layer of risk.

As Basyouni puts it: "Deepwater gas requires far greater upfront capital than conventional developments. To make the economics work, operators need larger reserves, stronger production potential, and greater confidence in the project's development plan."

Economies of Scale in Deepwater Exploration

Because costs are so high, access to infrastructure is important for deepwater exploration. "Unlike many onshore or shallow-water projects, infrastructure access can be a decisive economic factor," according to Basyouni.

This consideration has encouraged the adoption of development-cluster strategies, where multiple discoveries can share infrastructure and benefit from lower marginal development costs. Such approaches reduce capital requirements, accelerate project timelines, and improve commercial viability.

A recent example is the Denise W discovery in the Eastern Mediterranean. Announced by bp in April 2026, the Denise W-1 exploration well encountered an estimated 2 trillion cubic feet (tcf) of gas initially in place, along with around 130 million barrels of condensate. The discovery is particularly significant given its location in just 95 metres of water and less than 10 kilometres from existing infrastructure. The asset lies within the Temsah Concession, where Eni and bp each hold a 50% stake.

For discoveries such as Denise W, proximity to existing infrastructure can significantly improve project economics by reducing development costs, shortening timelines to first production, and accelerating commercialisation.

"Proximity to existing infrastructure and processing facilities can significantly enhance the economics of a deepwater gas discovery," Basyouni says. "Infrastructure-led exploration and tie-back opportunities are particularly attractive because they can lower development costs, shorten lead times and bring first gas online more quickly."

Rather than choosing between frontier and near-field exploration, Basyouni advocates a balanced portfolio approach. "The most effective strategy for Egypt is to leverage near-field and infrastructure-led opportunities to generate near-term value while maintaining a disciplined pipeline of high-impact deepwater prospects," he says.

Balancing Risk with Incentives

Recognising the strategic importance and high risks of deepwater exploration, Egypt has introduced a series of reforms to improve investor confidence and project economics.

According to Sallam, the most significant step was clearing outstanding payments to international oil companies. "Arrears of around $6.1 billion were fully settled by June 2026, triggering $19 billion in new investment commitments," he says.

Pricing reforms have also strengthened project economics. "Offshore gas offtake prices now exceed $6/MMBtu, compared with a previous ceiling of $2.65. More flexible contractual frameworks have also been introduced, including traditional PSAs, R-factor PSAs and tax-and-royalty models."

Beyond pricing and payments, Egypt has updated petroleum agreements to include incentives tailored to the higher costs and risks of deepwater developments in frontier areas of the Mediterranean and Red Sea. According to the Ministry of Petroleum and Mineral Resources, the measures are designed to improve investment returns and accelerate the transition from discovery to production.

The government has also rolled out incentives linked to production growth and faster field development. Part of the revenues from incremental output will be used to settle obligations to international partners, while higher production will help meet domestic demand and reduce reliance on energy imports.

Despite strong competition from neighbouring markets, Egypt retains key advantages.

"Egypt's fiscal terms remain less attractive than those offered by Israel, Cyprus and Greece, but this is offset by superior infrastructure and robust domestic demand," says Sallam. "Egypt competes on infrastructure and market scale rather than generous fiscal terms."

The economic value of deepwater gas extends well beyond project revenues. By boosting domestic production, Egypt can significantly reduce the foreign currency needed to import LNG, easing pressure on both the balance of payments and the state budget. According to Sallam, the country's oil trade deficit widened by 31.5% to $18.3 billion in FY2025/26, largely because of higher natural gas imports. He estimates that domestic gas requires roughly 70% less foreign currency per unit than imported LNG, as the state pays in dollars only for the foreign partner's share of production, while LNG cargoes must be paid for entirely in foreign currency.

Beyond the fiscal benefits, higher domestic gas output strengthens Egypt's energy security by reducing exposure to global supply disruptions and international price volatility. Greater self-sufficiency can also improve planning certainty for both policymakers and businesses.

Deepwater gas production further supports the competitiveness of Egypt's industrial base. Reliable gas supplies are a critical input for key sectors including fertilizers, petrochemicals, steel and other energy-intensive industries. By helping secure feedstock availability, domestic production can support industrial activity, exports and long-term economic growth.

Why Deepwater Still Matters

Despite high costs, technical complexity and long development cycles, deepwater exploration remains central to Egypt's energy ambitions. Infrastructure-led developments, supportive fiscal policies and the drive to curb LNG imports continue to underpin the sector's economics, positioning deepwater resources as a key contributor to long-term energy security and economic resilience.



DEEPWATER DRILLING:

HOW AI IS COORDINATING AUTONOMOUS OPERATIONS

By Doaa Ashraf

Imagine an orchestra performing thousands of feet beneath the sea. Sensors act as its ears, collecting data on drilling conditions and the surrounding environment. Software analyzes these signals, while automated equipment adjusts its operation. Each component has a distinct role, but success depends on how well they work together.

This is the principle behind autonomous drilling, which integrates artificial intelligence (AI), sensors, and rig control systems to coordinate drilling operations with less direct human intervention.

In deepwater environments, where changing rock formations, high pressures, and complex well trajectories leave little room for error, this coordination can improve drilling efficiency and operational consistency. Achieving autonomy, however, requires more than automating individual tasks. It means enabling different systems to exchange information and adjust their actions as conditions change.

From Individual Instruments to an Orchestra

Drilling a well requires continuous monitoring of parameters such as weight on bit (WOB), rotary speed, torque, pressure, and rate of penetration (ROP), which measures how quickly the drill bit advances through a formation. Traditionally, drilling teams monitor these parameters and adjust equipment as conditions change.

Automation takes over some repetitive tasks. An automated drilling system, for example, can adjust parameters to maintain a target weight on bit, while directional drilling systems help steer the well toward its intended reservoir.

Sensors provide real-time measurements for these adjustments. Machine learning and predictive analytics can also identify patterns that may indicate emerging problems, including excessive vibration, bit wear, or inadequate removal of rock cuttings from the wellbore.

The challenge becomes more complex when several automated systems operate simultaneously. One might seek to maximize drilling speed, while another prioritizes keeping the well on its planned trajectory. Without coordination, faster drilling could compromise directional control or contribute to poor hole cleaning.

Autonomous drilling addresses this challenge by linking data analysis, decision-making, and equipment control in a continuous feedback loop.

In a 2026 article published by SLB, Ziad Akkaoui, who works in marketing and technology development for digitally driven well construction workflows at the company, explained that true autonomy requires an integrated approach rather than disconnected tools.

“The entire process is a closed loop. Instead of simply supplying data or making suggestions, an autonomous system actively controls trajectory to optimize steering and well placement,” Akkaoui wrote.

In this workflow, software interprets subsurface data to identify drilling targets and passes instructions to the directional drilling system. The system transmits downlink commands, which are signals sent to downhole tools to change their settings or behavior.

Real-time engineering models monitor conditions and assess competing objectives, allowing the system to adjust or suspend commands when necessary to remain within predefined operating limits.

The drilling team remains responsible for setting objectives, supervising operations, and intervening when human judgment is required. Autonomy changes how drilling decisions are executed rather than eliminating human oversight.

Why Does This Matter in Deepwater?

As exploration and development extend into deeper and more remote offshore areas, operators face increasingly demanding well construction challenges. Deepwater projects can involve complex geology, high pressures, narrow operating margins, and long distances between offshore facilities and onshore support teams.

Deepwater generally refers to operations in water depths exceeding 1,000 feet (305 meters), although industry classifications vary. These developments commonly use floating drilling rigs or drillships connected to subsea wellheads and well-control equipment on the seabed.

Drilling in these environments requires careful management of pressure, well trajectory, and drilling fluid circulation. Unexpected formation conditions or pressure fluctuations can cause delays, equipment problems, and well-control incidents. Coordinated automation can help teams respond more consistently, although it cannot eliminate these risks.

Between 2021 and 2025, 373 high-impact wells discovered an estimated 29 billion barrels of oil equivalent (boe) in potentially commercial resources, with a commercial success rate of 30%, according to Drilling Contractor, the official magazine of the International Association of Drilling Contractors (IADC). Ultra-deepwater wells accounted for 16% of all wells drilled in 2025, the publication reported.

Major deepwater oil and gas developments are concentrated in Brazil, West Africa, the Gulf of Mexico, and the North Sea. As operators pursue resources in these regions, technologies that improve drilling control and consistency could help manage the demands of complex wells.

Technology in Action

In Brazil's Campos Basin, SLB used an integrated rig automation system to drill a 2,695.5-meter section of a well with a 12¼-inch diameter. The project aimed to improve drilling efficiency, safety, and cost performance.

The company deployed its Neuro™ autonomous solutions and DrillOps™ software to coordinate drilling and steering decisions, maintain the planned well trajectory, and optimize the rate of penetration and energy use.

According to SLB, the approach reduced the need for personnel to enter hazardous areas.

The project delivered a reported increase of more than 60% in ROP, reaching an instantaneous rate of 80 meters per hour and a single-stand net ROP of 73.2 meters per hour.

More than 95% of the 2,695.5-meter section was controlled autonomously, with 66 of 69 downlink commands executed automatically. The team drilled 1,100 meters within 24 hours. SLB also reported a center-to-center distance of 1.58 meters between the actual wellbore and its planned trajectory.

These results demonstrate the potential of integrated automation to coordinate drilling and steering while maintaining control over well placement. The figures, however, relate to this specific project and should not be treated as universal gains across all wells.

In a deepwater exploration well offshore Indonesia, Eni and Halliburton deployed closed-loop rig automation integrated with managed-pressure drilling (MPD). Halliburton described it as the first deployment of this capability in the Asia-Pacific region.

MPD actively manages wellbore pressure to keep it within a specified operating window, particularly when the difference between formation pressure and the pressure that could fracture the formation is narrow.

The deployment combined automated rig equipment, well-placement systems, downhole hydraulics, and MPD controls. Halliburton's LOGIX system coordinated drilling and tripping activities within a single workflow, integrating drilling execution with pressure management.

This integration helps the system respond to changing drilling conditions while maintaining control over wellbore pressure.

Jim Collins, vice president of Sperry Drilling at Halliburton, explained the value of the approach: “When we integrate rig automation with [managed-pressure drilling] controls, we close a critical gap and give operators better control, consistency, and performance in complex wells. This deployment proves the model scales in a deepwater environment,” Collins said.

Halliburton reported that the deployment improved efficiency by more than 15% while maintaining well control within a narrow operating margin.

What Could Disrupt Performance?

Autonomous drilling depends on reliable data, communication between system components, and accurate models of changing conditions.

Poor-quality sensor readings, communication failures, or unexpected geological conditions can undermine automated decisions. Systems must recognize when conditions fall outside predefined operating limits and respond appropriately, including suspending automated actions or transferring control to the drilling team.

Integration is another challenge. Equipment and software from different suppliers may use different data formats, control protocols, and operating procedures. Coordinating them requires reliable interfaces and testing under different operating conditions.

As Akkaoui noted in his SLB article, drilling autonomy also depends on “data quality, system integration, and process design.” These foundations determine whether automated workflows can deliver reliable, repeatable performance across different wells.

The orchestra analogy captures the central challenge: sensors collect the signals, AI helps interpret them, and control systems coordinate the response. The drilling team sets objectives and remains responsible for supervision and intervention when necessary.

The next step is to make this coordination reliable across different rigs, geological formations, and deepwater environments. Progress will depend not simply on how many tasks can be automated, but on how effectively integrated systems maintain well control, meet drilling targets, and respond safely when conditions change.

Autonomous drilling integrates artificial intelligence (AI), sensors, and rig control systems to coordinate drilling operations with less direct human intervention. It depends on reliable data, communication between system components, and accurate models of changing conditions.



DIESEL CRUNCH INTENSIFIES: GLOBAL SHORTAGES THREATEN ENERGY SECURITY

By Samar Samir

Diesel has become one of the most difficult fuels to secure recently. War-related damages have disrupted refining capacity in several key markets, and inventories have been depleted to unusually low levels pushing prices to record highs. The International Energy Agency (IEA) expects supply constraints to persist into 2027, with inventories unlikely to return to more comfortable levels until the second half of the year. For Egypt, which relies on imports for roughly 40% of its diesel consumption, the prolonged market tightness underscores its vulnerability to global supply disruptions and price spikes.

Diesel moves goods, runs farm machinery, and powers heavy industry, so its price spreads through the whole economy. On October 14, the International Energy Agency (IEA) said diesel refining margins, the difference between diesel prices and the cost of crude oil used to produce it, reached nearly $95 a barrel in September, up from $50 in early March. The surge reflected tighter global supplies as conflict-related disruptions and attacks on energy infrastructure reduced diesel production and exports from Russia and the Middle East. The agency warned that record diesel prices were already raising the cost of goods, squeezing real incomes, and feeding inflation.

> **In 2025, Russia supplied about 10% of internationally traded diesel. However, Ukrainian drone strikes, seasonal demand, and a production decrease cut shipments from 3 mmt a month in April to just 325,000 mmt by September.**
>
> Sergey Vakulenko
> Senior fellow, Carnegie Russia Eurasia Center

The pressure on diesel markets was also evident in the United States, where President Donald Trump floated the idea of banning diesel exports to curb domestic prices, but no ban was imposed till the publication of this feature. By October 9, US retail diesel prices had climbed to $6.28 a gallon, up around 70% since the US-Israeli war with Iran began on February 28, reflecting a global fuel supply crunch linked to disruptions in the Middle East and attacks on Russian refineries.

Disrupting the Supply Chain

The Russian-Ukrainian war and the US-Iranian war have both affected diesel exports and shipments. The attacks on infrastructure have cut refining capacity. Middle East and Russian diesel exports fell by a combined 1.3 million barrels (mmbbl) a day in September, according to the IEA.

Russia remains a pivotal player in the diesel market. In 2025, it supplied about 10% of internationally traded diesel, Sergey Vakulenko a senior fellow at the German think tank Carnegie Russia Eurasia Center told Egypt Oil and Gas. However, Russia's export volumes have been on the slide. Ukrainian drone strikes, seasonal demand, and a production decrease cut shipments from roughly 3 million tons (mmt) a month in April to just 325,000 tons by September, Vakulenko explains. Refining capacity is also under strain, running at 3.8-4 (mmbbl) a day compared with a full capacity of 5.5 million.

Since 2022, Russian diesel consumer base has shifted, with Turkey, Brazil, and several African countries replacing the EU and UK as the main buyers.

Consequently, Moscow imposed a ban on most diesel exports on July 8, as reported by Ship and Bunker, an independent source for daily and historical global marine fuel market news. Yet Vakulenko argues the ban was not strict, with some volumes still finding their way to market. On October 10, Russia announced a partial lifting of the restrictions, underscoring both the pressure on its refining system and the global importance of its diesel flows.

On the other hand, the Gulf is recovering only partly. Crude exports from Gulf producers rose by 4.4 mmbbl a day in September to about 75% of pre-war levels, but the IEA warned that recent attacks on regional energy infrastructure and tankers threaten further gains. However, this increase in crude exports does not necessarily translate into an increase in diesel. Crude becomes diesel after refining so securing refining is essential in this case.

> **The IEA expects diesel supply constraints to persist into 2027, leaving import-dependent countries such as Egypt exposed to elevated fuel costs that could raise transport, food, and manufacturing prices.**

Responding to the Global Shortage

Governments have moved to bridge supply shortages by drawing on emergency fuel reserves. In March 2026, the International Energy Agency's 32 member countries, including the US, Japan, Germany, France, the UK, Italy and Canada, agreed to release 400 million barrels from strategic stockpiles in response to the Middle East conflict and the closure of the Strait of Hormuz. By the end of September, about 331 million barrels had already been released, with the remainder scheduled for accelerated deployment. The releases form part of a one-time coordinated action, rolled out according to national timetables, according to Reuters.

Washington initially considered restricting exports. On September 22, President Donald Trump told advisers that the US should halt diesel exports to keep more fuel at home. The proposal was quickly abandoned. Energy Secretary Chris Wright described an export ban as a blunt policy tool that would not solve the underlying problem, while the White House denied reports that it was preparing a 90-day restriction. Analysts at S&P Global estimated that a ban could eventually force Gulf Coast refiners to cut refinery runs by roughly 2 million barrels per day as storage tanks filled, while European officials warned it would disrupt already tight global markets.

The administration's second response was to secure additional imports from Russia. On October 9, Trump announced an agreement under which Russia would supply more than 300,000 tonnes of diesel immediately, followed by 500,000 tonnes in November and 1 million tonnes thereafter, according to Reuters. To facilitate the arrangement, the US Treasury suspended sanctions on Russian diesel until April 2027, allowing those shipments to enter the US market.

Yet analysts question whether the agreement will materially improve supply conditions. According to Vakulenko, Russia was already exporting close to its available capacity, meaning the additional volumes are small relative to a global diesel market of roughly 120 million tonnes per month, of which about 30 million tonnes are traded internationally. "The deal is largely for show rather than representing a genuine increase in supply," he argues.

The IEA echoed that assessment on October 14, saying the agreement would have a limited macroeconomic impact. Ultimately, Vakulenko argues that the most effective way to ease the shortage would be to resolve the Strait of Hormuz disruption, which remains the main constraint on global diesel supply.

How the Crunch Is Hitting Egypt

Egypt imported about 3 million tons (mmt) of gasoil, the fuel sold as diesel, between January and July 2026. According to the state statistics agency CAPMAS, the country's fuel import bill for the first seven months of 2026 reached $16.53 billion (EGP838.7 billion), with diesel ranking as the second-largest item. Imports of gasoil (known locally as solar) cost $3.09 billion, accounting for roughly 19% of the total. Egypt spent more on imported diesel than on crude oil ($2.80 billion) and 95-octane gasoline ($1.65 billion).

Diesel powers buses, trucks, irrigation pumps, and factories. Rising cargo costs therefore ripple through transport, food, and manufacturing prices, while also inflating the subsidy bill. With the International Energy Agency (IEA) projecting shortages to persist into 2027, Egypt may face elevated prices for winter and next year's cargoes.

The IEA has noted that delivered diesel prices in Europe, Africa, and Latin America could rise further in the coming weeks. Africa also matters as a buyer of Russian diesel, Vakulenko notes, so any change in Russian flows is felt there first. Notably, Egypt's oil product imports from Russia, including diesel, doubled in April, reaching 499,000 barrels per day, according to S&P Commodities Data.

This dynamic sets the stage for two possible outcomes: either the waiver on Russian diesel exports stabilizes supply and keeps prices in check, or renewed price spikes strain the finances of import-dependent countries such as Egypt.

The Global Diesel Challenge

The global diesel shortage underscores the sensitivity of energy markets in the face of geopolitical conflict, infrastructure damage, and constrained refining capacity. Despite emergency reserve releases and temporary policy measures, geopolitical conflicts remain unresolved, leaving prices elevated and volatility entrenched. For Egypt, importing nearly 40% of its diesel, the challenge is fierce, as rising costs affect transport, agriculture, and industry, amplifying fiscal pressures. Whether Russian export waivers stabilize supply or renewed disruptions trigger fresh price spikes, the outlook points to sustained vulnerability. Addressing this crisis will require not only short-term interventions but also coordinated regional strategies and long-term investment in refining and alternative energy sources to safeguard economic stability.

> **Egypt imported about three million tons of gasoil between January and July 2026, spending $3.09 billion on imports, equivalent to roughly 19% of its total fuel import bill.**

Why Modern Workers Still Take Risks

Clicking your seatbelt in place in a ride-share, you notice that the driver has already buckled his. Ask about the motive and you discover that it is rarely a conscious safety decision, but a reflex built by years of strict enforcement. Facing immediate fines, the driver responds to the certain penalty rather than the abstract risk of an accident. The habit is automatic because the system made any other choice illogical.

This reveals a universal truth: human behavior mirrors system design. A worker's choice responds to the immediate reality of the workplace. Risks are often taken because the system allows factors like physical discomfort or production pressure to become more influential than safety rules. Whether in a vehicle or on a processing line, we act based on what the system makes logical in the moment.

According to the safety and behavioral science concepts, unsafe behavior is rarely a desire to cause harm; it is a system output. In many cases, field work relies on individual discretion under challenging conditions. When operators face tight schedules and fatigue, cognitive bandwidth drops, and the brain defaults to the quickest path forward. Stepping onto a platform without clipping a lanyard or lifting protective goggles near pressurized lines is an intuitive trade-off: eliminating immediate physical friction -heat, fogged lenses, or lost minutes- in exchange for a risk that feels purely theoretical. When shortcuts go unpunished, optimism bias normalizes deviations until they become the accepted daily routine.

These trade-offs are governed by the organizational environment. The Garcia et al. study published in Occupational and Environmental Medicine investigated compliance drivers among industrial workers. They found that behavior is driven by the "safety climate" - the perception of management's commitment to risk prevention over production speed. In weak safety climates, workers were thirteen times more likely to disregard rules and three times more likely to engage in high-risk behaviors.

This perspective somehow echoes Dr. James Reason's well-known observation that "we cannot change the human condition, but we can change the conditions under which humans work". Therefore, Organizations must design intuitive systems where unwavering standards turn safety into an automatic reflex. Within such systems, Safety checks should be standard professional craft -like a pilot's checklist- so protecting oneself never feels like slowing down the team and with providing ergonomic gear to eliminate the physical penalty of compliance as well.

By Mohamed El Maghraby

Country Head of QEHS - Siemens

Flare Gas: Burning Money

Every night in the Western Desert, you see them. Flares burning like small suns on the horizon. We call it safe disposal. In truth, we are burning money, and in 2026, we can no longer afford it.

For decades, flaring associated gas was the cheapest option for oil-focused brownfields. Oil was the prize; gas was the problem. That logic is dead. With carbon pricing, strict methane regulations, and the World Bank's Zero Routine Flaring initiative, every cubic meter flared is a double loss: lost revenue and a future carbon penalty.

Take a typical field producing 1,000 barrels of oil per day (bbl/d) and 0.5 million cubic feet (mmcf) of associated gas daily, 70% of which is flared. That means 0.35 mmcf is burned every day. At a modest gas price of $3 per million British thermal units (Btu), the flared gas is worth about $1,050 a day, or roughly $383,000 a year, literally going up in smoke. Add methane emissions and carbon credits at $40 dollars per ton, and the real cost doubles. Yet we continue to flare because alternatives seem expensive.

The problem is not technology; it's mindset. Companies treat flare gas as a health, safety, and environment (HSE) issue, not a business opportunity. HSE reports it as tons of carbon dioxide (CO2). Finance never sees it as lost product. Operations consider it unavoidable because the gas is sour, low-pressure, or intermittent. This siloed thinking destroys value.

Three proven, low-cost solutions remain routinely overlooked in brownfield operations.

First, power generation offers immediate operational savings. A 0.5 mmcf stream generates 1.5 megawatts (MW) continuously via micro-turbines or gas engines, fully powering facilities, electric submersible pumps, and camps. Replacing delivered diesel at $0.8 per liter yields paybacks under 18 months, whilst operators in Egypt and Iraq cut diesel use by 60% and eliminate flaring entirely.

Second, low-pressure flare gas can be captured for direct re-injection or sales. Small modular compressors condition flare gas to feed gas lift systems or sales lines instead of purchasing sweet gas. A Gulf of Suez operator using this method reduced purchased lift gas by 40% and extended electric submersible pump operating lifespans.

Third, stranded fields lacking pipeline infrastructure can monetize gas via skid-mounted compressed natural gas (CNG) or mini-liquefied natural gas (LNG) units. These mobile compressors load flare gas into transport trailers for industrial buyers such as local cement plants, turning routine waste into immediate revenue while building local goodwill.

Why are not we doing it? Because the approval process rewards the status quo. Renting diesel generators is an operating expense approved in a day. A flare recovery unit is a capital investment that needs a dozen signatures. So we burn money to save paperwork.

The clock is ticking. Egypt's methane rules, the European Union's Carbon Border Adjustment Mechanism, and satellite monitoring are making flaring increasingly visible and costly. Hiding it is no longer an option.

Change the key performance indicator (KPI).

Stop measuring flaring only in tons of CO_2 and start measuring dollars lost. Put a dollar value on every flare stack and display it in daily production meetings. When managers see $1,000 burning every day, the business case becomes obvious.

The cheapest kilowatt-hour is not from diesel. It is from gas we already own and burn for nothing. We have burned money for thirty years. It is time to turn off the flare and turn on profit.

By Sherif Anwar

Chairman and Managing Director
Magawish Petroleum Co.

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

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From Reservoir to Market: How Egypt Is Accelerating New Gas Supply

Egypt's gas challenge is no longer measured by discoveries alone. Mature fields lose output continuously, so new resources create value only when they reach market quickly enough to replace decline.

In fiscal year (FY) 2025/26, the Egyptian Natural Gas Holding Company (EGAS) completed nine field-development projects and connected 28 wells to production, with investments totaling $1.12 billion.

A Faster Route to Production

Fayoum 4 and Nidoco N-2 show how different engineering choices can shorten development timelines. Fayoum used a sidetrack from an existing well into new Messinian intervals and connected to West Nile Delta facilities, avoiding a separate well and new subsea infrastructure.

Meanwhile, Nidoco used directional drilling from onshore to reach an offshore target less than two kilometers from production facilities. One reused an existing well; the other shortened the connection route. South Bostan-1X, about 10 kilometers from existing infrastructure, could extend the approach if developed, according to MoPMR.

These figures show the scale of development activity supporting Egypt's effort to offset declining output from mature fields, according to the Ministry of Petroleum and Mineral Resources (MoPMR).

That pipeline works only as a connected chain. Engineering must shorten development, wells and repairs must sustain the flow, and processing and transmission assets must absorb it. Delays in development, processing, or connection can postpone gas sales and the recovery of invested capital, according to the MoPMR.

Fayoum 4 Fast-Track Development

Added Natural Gas Production	~80 mmcf/d
Acceleration vs. Original Schedule	~2 years earlier

Source: MoPMR

Keeping New Volumes Flowing

Faster development of individual wells matter only if new additions continue across the portfolio. In September, three new wells and one restored well added 45 million cubic feet per day (mmcf/d) of natural gas and 540 barrels per day (bbl/d) of condensates to production. Because the volumes came through different fields and development routes, the package was less exposed to delay at any single asset. Its significance lies in continuity rather than scale alone, with smaller increments entering production while larger developments advance, according to data reported by the MoPMR.

September 2026 Production Portfolio

Well	Route	Natural Gas (mmcf/d)	Condensates (bbl/d)
Amal-23 A ST	Repaired and restarted	15	-
SKAL-2	New well	12	-
Ezz-2		10	460
MA-1X		8	80

Source: MoPMR

The restored Amal-23 A ST well supplied one-third of the package's gas supply, its value was not that repair outperformed new drilling, but that it recovered capacity without another exploration cycle. Repairs can bridge the period between new developments, while drilling replenishes the longer-term pipeline. By linking recovery efforts in drilling, development, and repair to the renewed flow of investment that followed the settlement of partner dues, the MoPMR ties capital continuity with both existing and future supply.

From Well to Grid

Producing more gas at the wellhead is only half the chain. Processing prepares raw gas for sale, while transmission moves it to consumers.

The Egyptian Natural Gas Company's (GASCO) Train D expansion increases the Western Desert Gas Complex's ability to receive field inflows and separate valuable liquids.

EGAS's program to invest EGP 14 billion in reinforcing the national gas network strengthens the next stage that carries processed gas. These investments do not prove every constraint has disappeared.

They show why faster drilling must be matched by downstream readiness, because production has limited economic value until it is processed and delivered, according to the MoPMR.

Processing Capacity Supporting Production Growth

Train D Design Capacity	Total Complex Capacity	Trial Throughput
600 mmcf/d	1.5 bcf/d	> 500 mmcf/d

Source: MoPMR

Judged on Progress

EGAS is pursuing production additions on two timelines. Around 80 mmcf/d was targeted from Meleiha by the end of September 2026, following the completion of the second phase of its gas-processing plant, while about 250 mmcf/d was targeted from Zohr and West Mina before year-end. These are targets, not evidence of sustained net growth. Success depends on how much output remains after natural decline across older fields is absorbed and whether the balance reduces import requirements. Egypt's advantage will not come from one well or one headline rate, but from keeping the full chain moving, with engineering shortening development, wells and repairs sustaining the flow, and infrastructure converting it into stable market supply, according to the MoPMR.

Key Egyptian Economic Insights in September 2026

Annual Headline Inflation

12.8% — +1 pp from August

Non-Oil Private Sector PMI

47.2 pts — -2.4 pts from August

Net International Reserves

$57.3482 Bn — +$0.1337 Bn from August

Avg Exchange Rate

51.6 EGP/USD — +2.42% from August

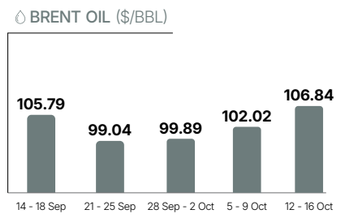
EGX Listed Petroleum Companies' Performance in September 2026

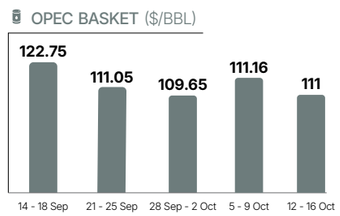
	Close Price	YTD Price Change	P/E*
TAQA	16.59 EGP	↑ 14.49%	18.58
AMOC	4.69 USD	0%	2.36
ANCC	13.29 EGP	↑ 91.8%	11.06
SIDPEC	55.05 EGP	↑ 24.4%	24.67
EGAS	15.84 EGP	↓ 19.18%	15.78
MOPCO	44.9 EGP	↑ 47.21%	11.4

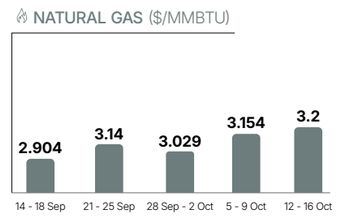
*Price-Earnings Ratio (P/E): the ratio of a company's share price to the company's earnings per share.

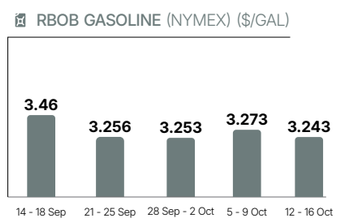
Petroleum Pricing Highlights

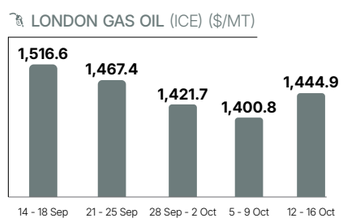
Average International Prices

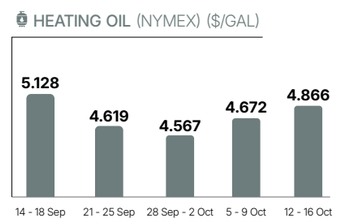


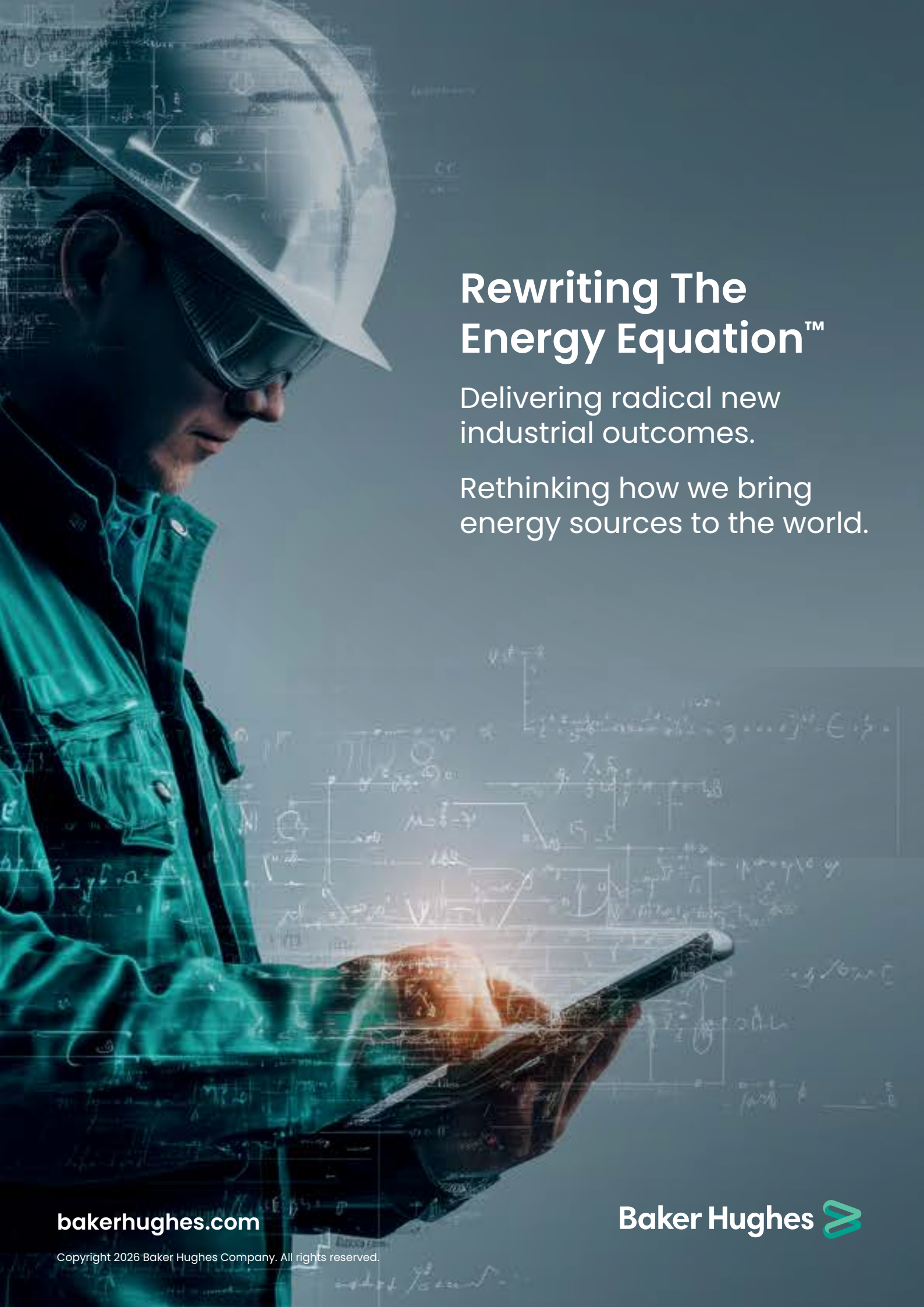












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