

Towards a brighter future in natural gas production

Natural Gas distribution continues to occupy major importance in MENA region as it is considered one of the investment priorities of the country

By Christine Nabil

Dr. Muhammad –Ali Zainy, Senior Energy Economist and Analyst in the Center for Global Energy Studies told Egypt Oil & Gas that Iraq makes more profits from exporting oil than from exporting gas, that's why it applies the strategy of rational domestic utilization of gas.

This came during the event of MENA Natural Gas Distribution Summit 2010, held last month in Cairo, from 18th to 20th of January under the auspices of Eng. Sameh Fahmy, Egyptian Minister of Petroleum. The summit discussed Egypt's position in the central and distinct global gas industry, also the importance of continuing to intensify efforts to explore for oil and gas in all areas of Egypt in cooperation with major international oil companies.

Zainy added that it is also cheaper to generate electricity by using gas than using oil.

Also, it reduces the emission of carbon, which is better for the environment and help resist global warming.

There are also two ways to revive the Iraqi economy as natural gas can be industrialized to produce petrochemicals, which could be sold for higher prices. The Iraqi analyst added that cooperation between Egypt and Iraq can occur in the area of oil and gas investment through the establishment of joint ventures between the two countries and the exchange of expertise, as Iraq lost most of its experts during the former rule of President Saddam Hussein.

In his opening speech, Eng. Sameh Fahmy highlighted that the most important achievements made over the past ten years are the increase of proven reserves of natural gas to about 77.2 trillion cubic feet and the high

volume of production of natural gas to exceed the 45.8 million tons. He also referred to the efforts of the petroleum sector to meet the increase of consumption rate. The speech, which was addressed on behalf of the Minister by Eng. Mahmoud Latif, Chairman of the Egyptian Natural Gas Holding Company (EGAS), pointed out that the South Valley Pipeline which extends to 930 kilometers to Aswan would contribute to achieving a cultural shift in different parts of Upper Egypt.

The MENA region owns about 46% of the world's natural gas reserves. Whether it is the major structures in the Arabian Iranian Basin or the reservoir formation off Qatar, the natural gas potential this region holds is limitless.

The conference was characterized by a series of very enriching sessions that tackled critical topics like Government Policies: In-

vestment & Govt. stability, Gas Utilization and Regulatory Environment, Fiscal Regime, Gas supplies and gas grid development, Gas Market Development, Technical Aspects, CNG and Biomethane. Those sessions were given by punch of top corporations like EGAS, BP Gas Asia & Middle East, Emarat UAE, Crisil Risk & Infrastructure Solutions Limited, GASCO, GAIL (India) Limited, IGL, TAQA GAS, Egusco part of TAQA, CNG Services LTD.

The summit is an effort by Fleming Gulf to help disseminate knowledge about key positional assets; major players & effective buy options that could ultimately provide critical competitive advantages to serve markets in the future. It is an open platform where industry players will come together and plan to successfully navigate this growing market.

Egyptian gas to reach 600 thousand households annually

The Minister of Petroleum, Eng. Sameh Fahmy issued his directions to speed up the delivery of natural gas to households, adding that this year's plan includes 600 thousand households, after it already supplied gas to about 3.5 million houses in most of the governorates of Egypt.

Fahmy said that the move is an element in the Ministry strategy to expand the natural gas grid to reach more citizens, as a part of the ministry's plan to evacuate some of the provinces of LPG depots and reduce the quantities of imported LPG.

This came during a press conference held by the Minister of Petroleum to review the activities and operations of the petroleum sector during the past six months and discuss the targeted plans over the next six months.

From his side, Chief Executive of the Egyptian General Petroleum Corporation (EGPC), Abdel Alim Taha said that according to plans, Egypt's production of crude oil, condensates and natural gas will reach two million barrels per day during the year (2009/2010), pointing to the increased rates of domestic consumption of oil and gas products to 6% annually.

Taha praised the continued flow of national and foreign investments at a record pace -despite the financial crisis during the year (2008/2009)- about \$8.9 billion, including \$7.5 billion foreign investment in research and exploration, gas and petrochemical projects, in addition to \$2 billion investment to drill 520 exploratory wells that support Egypt's oil reserves.

Moreover, this year will witness the drilling of new wells in Qena, Kom Ombo, Aswan, the area south west Egypt on the border with Sudan, and the completion of the development of several fields in the Mediterranean Sea, the Delta and the Western Sahara, assuring the speed of placing them on the production map.

New refining company to be established in Upper Egypt

Eng. Sherif Ismail, Chairman of Ganoub El Wadi Petroleum Holding Company (Ganope) revealed the establishment of a new investment company for oil refining in Upper Egypt, which is planned to commence with a unit to refine the discovered crude oil from the Kom Ombo's Baraka field.

Last month witnessed the discovery of Al Baraka-4, added Ismail. "The preliminary results of testing indicated higher production rates than in Baraka-1, 2, and 3."

Al Baraka reserves are estimated at 23 million barrels of oil, while the current production is 325 barrels per day (bpd) and being shipped to the Assiut refinery. The company plans to drill more productive fields in order to reach

production rates of 2500 bpd.

Ismail praised the discoveries of Al Baraka field as a proven sign on the successful petroleum system in Southern Egypt, placing the area of Upper Egypt under the spotlights of the international companies operating in the area in research and exploration.



Aramco to build the 1st KSA private refinery

Saudi Aramco announced that it would take over the construction and subsequent operation of the first private refinery in the Kingdom of Saudi Arabia (KSA) instead of the Saudi Arabian Oil Industry, which cancelled its plans.

Ali Al-Naimi, Minister of Petroleum, expressed his appreciation for the eight companies and 42 contractors that applied for the project bid that made a serious attempt to compete for the license of the project, but now Aramco is going to implement the project itself.

The Jizan Refinery will have an average capacity of 250-400 thousand barrels per day after its completion. It will be located in the south area of the country near the border with Yemen. This is the first 100% privately owned refinery in the KSA.

"I hope there will be an answer soon on the winning bidder for the (Jizan) refinery. Our policy these days is to try to combine our refining and petrochemical business together. We expect an answer before year end, I hope," Al-Naimi said.

Qapco's Olefins complex on operation line

Qatar's Ras Laffan Olefins complex (RLOC) started the Ras Laffan cracker at the end of last month, said the General Manager of Qatar Petrochemical Company (Qapco), Dr Youssef Mohamed Al-Mulla.

RLOC will feed the sponsor's downstream projects derivative units by cracking ethane supplied from the Al Khaleej and Dolphin gas projects. RLOC will produce 1.3 million metric tons per annum (mtpa) of ethylene that will be transported to Mesaieed via a 120-kilometer pipeline to feed Q-Chem and Qapco projects in Messaid.

Also, it is expected that Qapco will use the ethylene to produce 450,000 t/y of LLDE. The project is one of the largest ethylene crackers in the world.

Chevron to downsize downstream operations

Chevron Corporation revealed its plan to eliminate some positions as part of a review of its global marketing and refining operations that will result in a new smaller business.

Employees of Chevron's downstream operations, which manufacture, transport and sell gasoline, diesel fuel and other refined products, have been notified on the decision, said Lloyd Avram, a spokesman for Chevron. "The company said it has not yet identified the specific number of people that will be laid off but that the new organization will be in place by the third quarter.

The move comes as the downstream business has become much less profitable than it

has been in recent years due to weak demand for fuel.

Last December, Chevron said it will stop supplying 1,100 independently owned filling stations in the eastern U.S. Last month, Chevron also said its 2010 capital budget will be \$21.6 billion, 5% lower than its 2009 budget.

Chevron, which is based in San Ramon, Calif., is the second-largest U.S. oil company by market value after Exxon Mobil Corp. (XOM).

The entire energy industry has been dealing with the effects of slackening demand for fuel that is caused by the global economic downturn.