

## Petrozeit carries out seismic survey



Egypt Oil & Gas newspaper learned that Gebel El Zeit Petroleum Co. (Petrozeit) is currently conducting 3D seismic studies in its acquisition area to locate the traces of crude oil, through the first quarter of the current fiscal year of 2010-2011.

EOG also learned that the total investment of the new study is \$150,000, in attempt to raise its production rate from this area.

Petrozeit secured \$6 million on the drilling operations and its current production rate of crude oil is 1100 barrels per day.

## A joint venture between EGPC and Naftogaz

Egypt Oil & Gas newspaper (EOG) learned that Eng. Sameh Fahmy, the Minister of Petroleum, agreed on turning nine of the sectors that follows Naftogaz into oil development contract. It includes HG34/1, HG34/2, HG34/3, and HG34/4.

The total reserves are estimated by 3.4 million barrels of oil and 71.3 billion cubic of gas in the Abu Rawash and Bahariya formative. The area of

the development contract, HG, covers an area of 27 kilometer.

Moreover, it was agreed to sign a development contract worth \$700,000 to be paid over 15 days. In the context of this agreement, a joint venture company will be established between the Egyptian General Petroleum Corporation (EGPC) and Naftogaz in its first acquisition area of Abo Senan. Naftogaz paid \$3 million.

## Zafrana to drill two new wells

Zafrana Oil Co. prepares to drill two new exploratory wells in the Zafrana field in its acquisition area in the Gulf of Suez.

The company plans to utilize the Transocean rig in case it will not be able to rent another offshore rig.

Egypt Oil & Gas newspaper (EOG) learned that the total investments of

the offshore exploratory wells are estimated at \$30 million.

This plan serves Zafrana's target to raise its production rate of heavy oil from the Zafrana field to reach 6600 barrels of oil per day (bopd), compared to the last fiscal year of 2009-2010 of 4950 barrels of oil per day (bopd) from the marine platform (A).

## Hurghada Petroleum hunts for more oil

Hurghada Petroleum plans to start the drilling of a new exploratory well in Hurghada Petroleum field, in North Hurghada during the current fiscal year of 2010-2011.

The reserves of crude oil in this area are estimated at an average of 6.3 million barrels of oil, with a daily production rate of 1200 barrels.

The total investments of the new wells are \$20 million, compared to the last year's drilling plan investments \$34 million that included drilling exploratory well (North July-I) to place it on the production line with a cost reached \$5 million, in addition to the production facilities.

The current production rate of the company stood at 600 barrels of oil per day.

It is worth mentioning that Diamond Offshore Drilling was appointed by Hurghada Petroleum for the well drilling during the past fiscal year of 2009-2010.

## Al Fanar: more oil from North July concession

AL Fanar Petroleum Company completed the needed seismic studies to start the drilling operations of a new exploratory well, NGUP1 filed, in its acquisition area in North July concession during the current fiscal year of 2010-2011.

"The total investments of the exploratory well are estimated at \$24 million," Ashraf Orabi, Assistant to the Exploration Manager at AL Fanar, told Egypt Oil & Gas Newspaper.

Orabi added that the company is going to work on drilling more exploratory and development wells if the studies show promising results.

He also added that the company's production plan for the financial year 2010-2011 aims to reach a production of 8000 barrels of oil per day.

Al Fanar is a joint venture company between the Egyptian General Petroleum Corporation (EGPC) and the American IPR, which currently produces 750,000 barrels of oil per day.

## OSUCO: new well drilled in North Shukeir



Offshore Shukeir Oil Company (OSUCO) revealed its plan to drill a new development well in North Shukeir field in the company's acquisition area of Gulf of Suez, according to Moustafa Abdul Aziz, Assistant to the General Manager of Petroleum Engineering at the company.

Abdul Aziz added that OSUCO drilling plan for the year 2010-2011 is to cost \$12 million, of which \$6 million are dedicated to the new de-

velopment well.

He also said that this drilling plan serves the company's target to increase its production rate to reach 1500 barrels of crude oil per day, since \$2 million were added to raise the drilling budget, more than last year's.

Abdul Aziz pointed that OSUCO assigned \$250,000-budget to fix some of the wells and change some of the wells' course.

## GEMPETCO to rent a new rig



Gemsa Petroleum Company (GEMPETCO) plans to rent an offshore rig to drill a new development well and to execute its new drilling plan for the current fiscal year of 2010-2011 in the Gemsa field, in the Gulf of Suez.

The total investments allocated for this well count for \$15 million. GEMPETCO aims to boost its production rate of crude oil to reach 2400 barrels per day, compared to the current rate of 1613 barrels of oil per day.

It is worth mentioning that GEMPETCO is a joint venture company between the Egyptian General Petroleum Corporation (EGPC) and the Egyptian Company Pico.

## Rashpetco hits more deep water

Rashid Petroleum Company (Rashpetco) is in the process of executing its exploration plan for the current fiscal year of 2010-2011 in the West Delta Deep Marine concession.

Eng. Taher Abdul Al Rihim, Operation Manager in Rashpetco, told Egypt Oil & Gas newspaper (EOG) that the company is preparing to drill two exploratory wells (Sama, Safrod) during the current fiscal year of 2010-2011.

Al Rihim added that the total investments of drilling those wells reached \$150 million.

## Nospco keeps the hope

The North Sinai Co. For Petroleum (Nospco) intensifies its attempts to find more producing layers and compensate for the water production problem by conducting a new technical study in the Tao field, located in its acquisition area in North Sinai.

Egypt Oil & Gas also learned that the investments of the study reached \$100,000, as the company installed a new gas compressor with a capacity of 200

million cubic feet per day. The new installation aimed saving more natural gas in its acquisition area.

The geological studies were scheduled to start during last July, as it is predictable that the tank of gas reserve will decrease before the end of this year.

It is worth mention that North Sinai Co. For Petroleum - Nospco is a joint venture between EGPC and the French Preenco.

## BP, RWE amend two gas contracts

BP Plc and RWE AG changed the terms of two natural-gas production contracts in Egypt, ending a requirement that the government invest in developing offshore fields, the companies and Oil Ministry said.

BP and RWE's oil and gas unit RWE Dea said they will pay royalties to Egypt's government under revised terms for the North Alexandria and West Mediterranean Deepwater concessions. Egypt has the third-largest gas reserves in Africa after Algeria and Nigeria, with 77.3 trillion cubic feet at the end of 2009, according to London-based BP.

Production at the two fields is forecast to reach 1 billion cubic feet per day, with first gas expected in 2014, BP said in an

e-mailed statement. RWE Dea, based in Hamburg, said in a separate statement that it will invest \$3.6 billion in developing the fields in the West Nile Delta, 40 kilometers (25 miles) off Egypt.

"We used to have a production sharing agreement that said the state should invest," RWE Dea Chief Executive Officer Thomas Rappuhn said in an interview in Cairo. "This has been changed. We pay royalties for what we have invested and produced," he said, offering no details about the planned payments.

The Egyptian Oil Ministry said in a statement that both companies will make the investments necessary to develop the gas fields.

"The most important thing about the

agreement is that it makes an obligation for the foreign partner to start output at a specific date and produce a certain amount," Abdel Alim Taha, a senior Oil Ministry official, told reporters.

BP has a 60 percent stake in the North Alexandria concession, with RWE Dea holding the remainder. The British company holds 80 percent of the West Mediterranean Deepwater concession and RWE Dea the rest. BP is the operator at both projects.

RWE AG is Germany's second-biggest utility by revenue and market capitalization after E.ON AG. BP is Europe's second-largest oil company by market capitalization behind Royal Dutch Shell Plc. (Source: Bloomberg)

## Dragon witnesses production increase



Sea Dragon Energy Inc. announced that Al Amir SE #6 well has now been completed in the Kar-em Shagar formation in the interval 9,805 ft to 9,835 ft. A flow test followed and a peak production of 4,630 bopd and 3.9 mmscf/d was recorded on a 48/64" choke. The well was shut in for a pressure build up and later placed on stream at approximately 1,100 bopd.

The Al-Ola X-1 well spudded on July 15th and is currently drilling at 1,540 feet. This well is being drilled as an exploratory well outside of the southern boundary of the Al Amir SE Development Lease. It is intended to capture a southern extension to the Al Amir SE oil field.

With the placement of the Al Amir

SE #6 well on stream, the NW Gemsa gross production has now reached approximately 9,500 bopd. Cumulative production to date from the concession is almost 2.8 mmbbls.

Sea Dragon has a 10% working interest in the NW Gemsa Concession with Vegas Oil at 50% as operator and Circle Oil Plc. with 40%.

Commenting on the progress made to date on the NW Gemsa operations in Egypt, Company Chairman and CEO Mr. Said Arrata stated "It is encouraging to see the increase in production as a result of our development plans in the NW Gemsa concession. We look forward to further appreciation in this property's reserves, production and cash flow with continued exploitation of its full potential."

## Apache to acquire BP assets in Egypt

Apache Corp has agreed to acquire all of BP's oil and gas operations, acreage and infrastructure in the Permian Basin of West Texas and New Mexico and Egypt's Western Desert. Apache also will acquire substantially all of BP's upstream natural gas business in western Alberta and British Columbia. Apache will pay \$7 billion for the assets, which include estimated proved reserves of 385 million barrels of oil equivalent (boe).

Net production from the properties in the first half of 2010 was 28,000 barrels of liquid hydrocarbons and 331 million cubic feet of gas (MMcf) per day, or a total of approx. 83,000 boe per day. By comparison, in the just-completed second quarter of 2010 Apache produced 646,866 boe per day. The transaction also adds 2.4 million net acres to Apache's global portfolio.

"This is a rare opportunity to acquire legacy positions from a major oil company, with oil and gas production, acreage, infrastructure, seismic data, field studies, exploration prospects and other essential aspects of our business," said G. Steven Farris, Apache's chairman and chief executive officer. "We seldom have an opportunity like this in one of our core areas let alone three. This is a step change that will add muscle, enabling Apache to add value for decades to

come through our demonstrated exploitation capabilities and exploration drilling."

The effective date of the transaction is July 1 2010. Closing is subject to certain preferential rights as well as normal regulatory approvals and conditions in the United States, Canada, Egypt and the European Union. As a part of the acquisition, Apache will advance \$5 billion of the purchase price to BP on July 30 2010, ahead of the anticipated closing. This advance will be returned to Apache or applied to the purchase price at closing. Apache intends to finance the acquisition with a combination of debt and equity securities as well as cash on hand. The company has also obtained a \$5 billion bridge loan facility to backstop any financing requirements.

Apache expects the transaction to be modestly accretive to cash flow and per-share production and reserves and neutral to earnings per share in the first full year.

Regarding Egypt, Apache is acquiring four development leases and one exploration concession across 394,300 acres in Egypt's Western Desert. The assets have estimated proved reserves of 20 million boe (59 percent liquids), and first-half 2010 net production of 6,016 barrels of oil and 11 MMcf of gas per day.

"This is under-explored acreage in a highly prospective area of the Western Desert; a 3-D seismic acquisition program is under way," Farris said. "BP's holdings also include strategically positioned infrastructure including a natural gas processing plant, a liquefied petroleum gas plant and oil and gas export lines. These facilities will enable Apache to increase production from our existing fields in the Western Desert."

Apache's second-quarter net production in Egypt averaged 98,495 barrels of oil per day - up 8.5 percent from the first quarter - and 388 MMcf of gas per day, up 7 percent. At year-end 2009, Apache had estimated proved reserves of 309 million boe and 11.1 million gross acres in Egypt.

"This transaction provides a sustainable growth platform for Apache's onshore North America operations that complements our recent transaction with Devon Energy Corp. in the Gulf of Mexico and our pending merger with Mariner Energy, as well as strategic infrastructure and exploration potential in Egypt," Farris said.

"We appreciate the opportunity and the professional manner in which BP employees conducted themselves. Their cooperation was a key ingredient for this transaction to come together."

## Eni Fires Up Gas Production Offshore Egypt

Eni has started gas production from the Tuna field, within the Tamsah Concession, which is located in the Mediterranean off the coast of Egypt. By the end of its ramp-up period in September, this project will produce 4.5 million scm/day of gas which will contribute about 8,500 boe/day to Eni's equity share production.

The project consists of a new 4 leg platform in approximately 80 meters of water, three producing wells and 14 Km of 24" pipeline connecting to existing infrastructure.

Eni owns a 50% participating interest of the Tamsah concession through its fully owned affiliate IEOC, with the remaining 50% owned by BP. Petrobel, a joint operating company equally owned by IEOC and EGPC, is the operator of the Tuna project.

Eni's activities in the Tamsah concession, one of the most prolific in Egyptian waters with a total production in excess of 170,000 boe/d, continue with an important ongoing campaign of infill drilling in Tamsah Field and the development of the Denise B field, which is expected to come into production in 2011. Since 2009 the Tamsah Concession has benefited from improved con-



tractual terms.

The development of this project is further evidence of Eni's commitment to Egypt and in particular to its contribution to meeting increasing domestic gas demand by exploring and developing the still substantially untapped gas resources in the Mediterranean.

Eni is the largest foreign energy player in Egypt. The company's oil and natural gas equity production averaged approximately 230,000 barrels of oil equivalent per day in 2009. Eni operates in Egypt through its wholly owned subsidiary the International Egyptian Oil Company (IEOC), which directly carries out exploration activities and participates in Joint Venture partnerships and Joint Venture companies.

## Quotes

**"We used to have a production sharing agreement that said the state should invest. This has been changed. We pay royalties for what we have invested and produced"**

RWE Dea Chief Executive Officer Thomas Rappuhn said in an interview in Cairo, on amend Gas contract with Egypt

**"The spill in Hurghada was small and was contained quite quickly, but the danger is, if an accident like this happens in the Mediterranean then it would spread very quickly and would be harder to contain"**

Richard Byrnes, Manager for environmental services at (Petro Environmental Services Company) PESCO, on Egypt and Saudi oil spill exercise

**"There will naturally be a strong push by all other explorers and producers in the area to receive the same terms, with renegotiations like to ensue a few months from now, given Egypt's need to solve its tight domestic gas supply after years of near or actual shortage"**

Sam Ciszuk, energy analyst with IHS Global Insight, on BP and EGPC new agreement

**"We are on schedule and on budget with our development plans to accelerate production. The company will continue its focus short term on organic growth in Kom Ombo and NW Gemsa with the view of maximizing production and cash flow. I am also looking forward to exploring the vast potential of the undrilled acreage in Kom Ombo"**

Sea Dragon Chairman and CEO Said Arrata, commenting on the progress made in the company's operations in Egypt

**"This agreement unlocks a new phase in realizing the huge potential of the Nile Delta basin, which will play an important role in meeting regional energy security needs in the coming decades. BP and EGPC have a long-standing and successful partnership, and the agreement we signed takes that to a new level in developing these deepwater resources, as well as creating an important source of future growth for BP."**

BP Chief Executive Tony Hayward, on BP's agreement to amend the North Alexandria and West Mediterranean deepwater concessions

## Sasol receives onshore technical permit in South Africa



Sasol, through Sasol Petroleum International Pty Limited (SPI) the wholly owned upstream oil and gas subsidiary of Sasol Limited, announced the successful award of a joint application with Statoil ASA and Chesapeake Energy Corporation for an onshore petroleum Technical Cooperation Permit (TCP) in South Africa.

The TCP covers an area of approximately 88,000km<sup>2</sup>, primarily located in the Free State and also covering areas in the Eastern Cape and KwaZulu-Natal.

The permit awards the applicants the exclusive right to study the prospectivity for shale gas in the Karoo Basin for a period of up to 12 months, but does not include any surface activity or drilling. The joint venture partners plan to evaluate existing and available geological information within the area to determine the potential for shale gas. The study work will include the sampling and analysis of existing geological cores that were drilled by Soekor in the 1970's and 1980's during their search for shale oil. The same shale formations are now being assessed for potential gas production. This concept follows recent global developments in shale gas, where technology advancement in drilling and extraction technologies have allowed for economic development of significant shale gas resources.

If the geological evaluation proves successful, the partners will consider committing to a more extensive exploration pro-

gram in the Karoo Basin

Shale gas is clean natural gas produced from shale, a type of sedimentary rock, mainly consisting of clay and some organic matter. Shale gas has become an increasingly important source of natural gas in the United States over the past decade, and interest has spread to potential gas shales in Canada and Europe and now also in South Africa. The Karoo Basin in South Africa has unproved shale gas potential and significant exploration efforts are required to assess and quantify this prospective resource.

"A discovery of large recoverable shale gas reserves in the Karoo Basin will be a game changer in the broader South African energy market context and will likely constitute a major step to further develop gas transmission and distribution infrastructure in the country", said Ebbie Haan, Managing Director of SPI.

Large gas discoveries in the Karoo Basin could also help alleviate South Africa's power and fuels shortage and assist in creating employment and wealth for the country. In addition, the increase of natural gas in South Africa's energy portfolio will significantly aid in the reduction of greenhouse gas emissions on a per unit basis compared to more conventional resources such as coal.

But we are at the beginning of a journey that requires technical risk reduction, environmental stewardship, stake holder alignment and in case of success, significant future capital investment.

## Maersk completes \$6 billion Qatar Al-Shaheen project

Maersk Oil has completed the \$6-billion al-Shaheen oil field expansion project in Qatar on time and within budget with the field producing around 300,000 barrels per day (bpd), one third of the OPEC oil producing state's total crude oil production, said Qatari Oil Minister Abdullah al-Attiyah.

Maersk has been working on a major expansion of the offshore al-Shaheen field aimed at boosting its production from an average of 331,000 bpd in 2008 to around 525,000 bpd on completion.

Attiyah said at the inauguration ceremony that al-Shaheen is considered now as the biggest oil producing field in Qatar, accounting for a third of Qatar's total crude oil production. Previously the 335,000 bpd Dukhan field was the emirate's largest producing field.

Qatar Petroleum had been targeting higher production from al-Shaheen by end of 2009, but it has been constrained by OPEC production cuts totaling 4.2 million bpd, which came into effect in January 2009.

Last May, Maersk said that al-Shaheen production was constrained by OPEC output cuts and production from al-Shaheen was slightly lower than the 2009 level.

The expansion consisted of building 15 new platforms and 136 oil production and water injection wells.

Al Shaheen field has been appraised and developed by Maersk Oil Qatar since 1992 under a production-sharing agreement with state-owned Qatar Petroleum.

A joint statement announcing completion of the expansion work said the field, which initially was believed to have maximum capacity of 50,000 bpd, has produced 1 billion barrels of crude oil to date.

"The development of the al-Shaheen field at a cost of around \$6 billion has been completed on schedule and within budget," Maersk Oil Chief Executive Jakob Thomsen was quoted in the statement as saying.

Maersk said that future production from the field was being discussed with Qatar Petroleum in view of current production results.

Qatar has said that completion of the al-Shaheen expansion will raise its crude oil production capacity to more than 1 million bpd from just over 900,000 b/d.

Qatar produced 820,000 bpd of crude oil in June, the latest Platts survey of OPEC's production showed, above its 730,000 bpd OPEC target.

## Adnoc seeks JV partners for \$12b Shah Project

Abu Dhabi National Oil Co. (Adnoc) is talking to potential partners for help with the \$12 billion development of the Shah sour gas field after ConocoPhillips' withdrew from the project earlier this year, a company official said.

"Adnoc is in talks for joint venture partnerships," Saif Al Ghafli, Adnoc Representative and Chief Executive Officer of Adnoc affiliate Abu Dhabi Gas Development Co., said in Abu Dhabi after signing four contracts with international companies as part of the Shah project.

Al Ghafli didn't say which companies Adnoc is talking to.

Adnoc has embarked on a search for potential partners to join it on Shah after ConocoPhillips pulled out from the development in April. The U.S. oil major had planned to be a joint venture partner but withdrew to focus on projects yielding short and medium-term revenues. The Shah project is seen as a long-term contributor to value, ConocoPhillips said at the time.

The Shah sour gas field development is essential to help Abu Dhabi meet gas demand in the emirate, which has surged as the government builds gas-fired power stations, desalination plants and develops industries such as petrochemicals. Abu Dhabi is the largest of seven emirates that make up the United Arab Emirates.

The project aims at producing 1 billion cubic feet a day of sour--or sulfur-rich--gas and stripping out the sulfur and transporting it to processing and export facilities.

Plans for Shah have been held up due to the technical difficulties linked to developing the field's large reserves of sour gas, which is highly corrosive and more costly and challenging to process as it requires special handling and infrastructure.

Al Ghafli said Monday the project was set to come on stream in the third quarter 2014 and Adnoc would press on with its plans even if it failed to bring on board a partner.

"We are not holding things back till a partner comes, we're already awarding contracts," Al Ghafli said.

Abu Dhabi Gas Development earlier signed four contracts with Saipem, Samsung Engineering, Technicas Reunidas, and Punj Lloyd for various packages on the field development.

**Fluid Filtration from a World Leader in Purification**

**3M**



How come the weather is the only nasty thing at this gas field?

## Innovative compressor trains from Siemens boost production and preserve the environment.

After 50 years of operation, the Groningen gas field in the Netherlands is now, and also for the next decades, fit to secure the supply of its clients. The facilities are fully modernized. One key success factor was the long-term relationship of the operating company NAM and its contractors. Siemens has advanced the compression and variable speed drive technologies to ensure the adaptation of the gas supply to fluctuating demand, to slash maintenance requirements, and to maximize environmental performance. Highest availability and low power consumption of all units are the best basis for an eco-friendly and successful operation. Learn more: [www.siemens.com/energy](http://www.siemens.com/energy)

Answers for energy.

**SIEMENS**