

Egyptian definition of Field Development

Why do we need foreign assistance to develop our fields? Is not the Egyptian expertise capable of conducting field development plans, which have been a key focus in the industry?

By Sama Ezz Eldin



"If you asked me my opinion, there would be hands trying to obliterate the General Petroleum Company (GPC)," Eng. Ibrahim Zahran, the former CEO of Khalda Petroleum Company and the petroleum expert, answered the question about the reason behind GPC signing agreements with foreign companies to come and conduct development work in its own fields.

Zahran's words continue to show more distress over the idea of that a day may come and GPC would be offered for selling, just like the other state owned companies that were sold before in another sectors, according to his words.

The petroleum expert was trying in his own way to explain the restrictions being made over GPC, especially the governing control, "GPC has enough finance coverage and will not need any foreign hands to be in business with it."

"They need to think of the future, to leave the only state-owned company that develop its own fields in the hands of Egyptians," he added.

The statements that might leave some angry crowd need to be looked at from the other side of the story, which is the legislative side. "The only outer agreements made with foreign companies in GPC are made in certain circumstances," said an official source at the Egyptian General Petroleum Corporation (EGPC) that

asked to be held anonymous.

"The Steam Injection method is a complicated operation, and we do not carry it out here in Egypt, so we need the expertise that own the needed technology to conduct this operation," the EGPC source explained.

Steam injection is an increasingly common method of extracting heavy oil. It is considered as an enhanced oil recovery (EOR) method and is the main type of thermal stimulation of oil reservoirs. There are several different forms of the technology, with the two main ones being Cyclic Steam Stimulation and Steam Flooding. Both are most commonly applied to oil reservoirs, which are relatively shallow and also contain crude oils, which are very viscous at the temperature of the native underground formation. Steam injection is widely used in California, USA.

The EGPC source also enlightened the reason of brining the foreign companies into GPC fields is to increase the production rate of these fields, "We should be supportive to GPC decision of mixing with foreign experiences that would boost Egypt's oil production."

"The existence of the major oil companies in Egypt would bring more investments into the country. Those companies are in to spend lots of money, because they know the benefits that come in return from producing more oil," a source

from Borg al Arab Petroleum Company, that refused to mention his name, agrees with the EGPC source on the profit from allowing more foreign companies in the Egyptian market.

"If you look at the bigger picture, each company of those come with its own high technology, finance, amenities, expertise, and willpower to construct the whole infrastructure of the area that yet to be developed. So how can you refuse such offer?" the Borg al Arab source wondered.

He also added that foreign companies not only come to execute development operation, but they build the entire facilities needed for the area, and for the workers in the field, "These facilities will not only help the current projects, but will also help in more future project in the same area."

"These companies come and bear all the risk that comes with developing, without GPC paying for anything."

"The development and service contract include GPC paying for everything the foreign partner paid for in the development process, and even this is not a problem. As the agreement include GPC paying them on a long period of time," the Borg al Arab source further detailed.

"We are very proud of the GPC work through the years, but sometimes it need some exterior supply in order to boost its production rates,"

the EGPC source added.

On the other side, Eng. Zahran replied back to the two officials claiming that positive benefits are the reasons behind field development agreements with foreign companies, highlighted that the GPC has enough financial blanket that can be provided through banks and without letting foreign elements more into the section.

"If they really want to work for the sake of the GPC, they can gather all these small fields under the supervision of the company, to cut the high cost of the companies established on each of those small fields."

"The GPC was always able to deal with anything since it was established, and always had the needed experiences to deal with the Egyptian fields, and still has the required experts to deal with those small fields," Zahran elaborated.

Zahran find GPC lacking the mandatory minds that appreciate the working force, "The workers are the heart and soul of this industry, yet, if we compare their wages, they get the low salaries, while the high salaries are given to Chairmen," Zahran speculated.

On the other hand, an official source from the Ministry of Petroleum said that field development needs the financial support from the Egyptian government in order to be able to stand fully on its own, "This financial support can be supplied through bumping funds into the Field De-

velopment Company (FDC)."


"The elements of this support can be divided into two points, the financial supply blanket and the technical contribution, which help the most in raising the production rate through using the latest technologies and the minds that can deal with the nature of our fields," the ministry's source pointed out.

"We must also keep our working force, and provide them with continued training to be up to date with the latest technologies," the ministry's source added.

A drilling operations manager at one of the major companies agreed with the ministry's source that well trained workers are also the basic to reach a high production rate.

"The Geological studies and 3D survey are also important to the development operations and enable to detect the unexplored oil that lies in deep in the field and the right ways to extract it," the drilling operation manager added.

Latest technologies, foreign investments, and maintaining the well trained workers are the three main elements in the development industry. We need to keep our fields producing to meet our domestic needs, so if it's going to come through foreign investments then it's welcomed. If we cannot do it on our own, so let's get the people who can place us on the road of our destination.



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