

THE EXECUTIVE PUBLICATION FOR THE OIL AND GAS INDUSTRY

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**UNLOCKING EGYPT'S  
ENERGY POTENTIAL**

SPECIAL FOCUS:

**ENERGY CAPITAL**

DEAL FRENZY IN CANADA

PERMIAN SUCCESS STORY

VENEZUELA DETERIORATING

...never found expresses this inextinguishable relationship between the petroleum sector and national development thusly: "[my] fundamental mandate is, on one hand, to secure petroleum products for the Egyptian people, and on the other, to take into consideration broader societal aspects like social equality, the empowerment of Egyptian people, and the optimization of the current oil and gas infrastructure of the sector in Egypt."

The idea, he continues, is to render "our oil and gas sector like any other oil and gas sector in the world, where the Ministry is the policy-maker, the NOCs focus purely on production, optimization and their profitability, and there is an independent regulator overseeing the market. This is the set-up we expect to see in Egypt by 2021."

The upstream sector in Egypt has been notable for the activity that persisted throughout the oil price crash at a time when most major oil markets were compelled to curtail their E&P activities significantly. Nevertheless, the sector faces its own unique set of



H.E. Abdel Fattah El Sisi, president of Egypt



H.E. Tarek El Molla, minister of petroleum and mineral resources

mains the significant arrears accumulated by previous governments to IOCs standing at USD 3.5 billion in March 2017, as well as the decision taken by the Egyptian government to float the Egyptian pound in November 2016 – which, while a critical and overdue measure required to boost Egypt's economy – saw the currency's value fall by 125 percent against the dollar almost overnight, hitting the local sector hard.

But as Shell VP Gasser Hanter marvels, "Over market liberalization and economic reforms that have taken place ... key milestones we have all been awaiting for quite some time. The six pillars highlighted for reform clearly show that the industry has been consulted, as they directly address various issues within the Egyptian market today."

Put more simply, "The reforms the government has implemented are extremely brave. Egypt is becoming a land of opportunities ... not just for oil and gas but industry in general," excitedly assesses David Chi, VP of Apache Egypt, the largest American investor and the largest oil producer in Egypt.



David Chi, VP and general manager, Apache

## PUTTING THE E AND P BACK INTO EGYPT

Egypt has never been a top producer, though its openness to foreign investment, willingness to collaborate and diversity of producing basins have ensured it has always punched above its weight in E&P. Abed Ezz El Regal El Mallahy, CEO of the Ministry's main executive arm, Egyptian General Petroleum Corporation (EGPC), emphasizes that "Egypt has maintained outstanding and long-lasting relationships with our international partners for over a century. We remain open to all investors and all companies ... as a trusted and supportive partner." Egyptian National Gas Holding Company (EGAS) Chairman and CEO Osama Elbakly concurs: "We have significant partners already in Egypt and we are keen to build a diversified petroleum sector, which requires the participation of a broad spectrum of international companies" ... this means "focusing on maintaining win-win relationships with our partners."

Egypt's domestic demand continues to grow voraciously so despite the low oil price, exploration still remains a top priority. Elbakly affirms, "The hydrocarbon business is a direct function of how much exploration is being done." The 2015 Zohr supergiant discovery in the Shorouk concession in offshore Mediterranean was an eye-opener for the world regarding the scale of offshore potential in Egypt, but Eng. Elbakly



Abed Ezz El Regal El Mallahy, CEO, EGPC



Osama Elbakly, chairman, EGAS



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Saad El Din Group is an industrial operator with facilities in Egypt ranging from gas processing plants, LPG container manufacturing facilities and gas storage terminals!

The Group's Companies has been established since 1985 in accordance with a positive and ambitious plan so as to achieve diversity in all types of investment projects.



ETHYDCO August 2016 Inauguration Ceremony with H.E. Egyptian President Sisi

Helal proudly points out, "One of the defining successes of ETHYDCO was that we have planned, managed and executed this USD 1.9 billion project entirely locally." Given that within the first six months of their operation alone, "we have not only paid the first installment of our loans in March 2017 but we have also achieved a profit of USD 68 million ... ETHYDCO has proven that Egypt can build a world-class petrochemical facility to compete and export globally."



Hossam El-Fahmy, utility and offsite manager, ETHYDCO



Osama Mahdy, chairman and CEO, SIDPEC

Chairman and CEO Osama Mahdy narrates, this will build on their strong track record of 17 years with long-established client relationships nationally and internationally. He reveals, clients "usually prefer to wait to receive our products rather than do business with other suppliers! It shows the trust they have in us."

### LEVERAGING EGYPT'S BEST RESOURCE: PEOPLE

Despite Egypt's petroleum wealth, the best – non-depletable – resource she can count on – is her people. Egypt draws on a huge pool of industry knowledge and personnel, supporting not only Egypt's local development but the region's oil and gas industry; according to Minister of Manpower H.E. Mohamed Saafan, some seven million Egyptians work overseas. He exults, "the full height of Egyptian talent can be seen in the proliferation of Egyptians working abroad, in every sector and in every country, which highlights their ability to work well anywhere." To further complement this, "we have signed a number of cooperation protocols with major petroleum companies to provide training for Egyptian job seekers," Saafan elucidates.



H.E. Mohamed Saafan, minister of manpower

Local company Saad Eldin Group is a perfect example of the heights that Egyptians can achieve. As Chairman and CEO Dr. Mohamed Saad Eldin charts, at a time when the LPG distribution sector in Egypt was entirely public, "I started the company in 1985 as the first private factory for the filling of LPG gas cylinders." This provided so successful that the company increased production "by more than 20 times in the first year alone." Three decades later, Saad Eldin is an "extremely diversified holding group with over 1,800 employees, with investments and operations in various industries, from oil and gas to power generation to solar energy to salt mining."



Mohamed Saad Eldin, chairman, Saad Edin Group

Explaining the strategy behind his successful growth, he says, "Fundamentally, when you have a clear vision and a clear direction, you will inspire people ... We look at the potential in the country

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