

Egyptian Oil And Gas Crucial Enabler, for E. Mediterranean

SPE Business Development Event – Eastern Mediterranean

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Agenda

- Egypt – The Golden Eagle
- Reversing the Oil Decline Trends
 - M&A Market Red Hot
- Gas Supply
- LNG Exports
- Liberalized Market

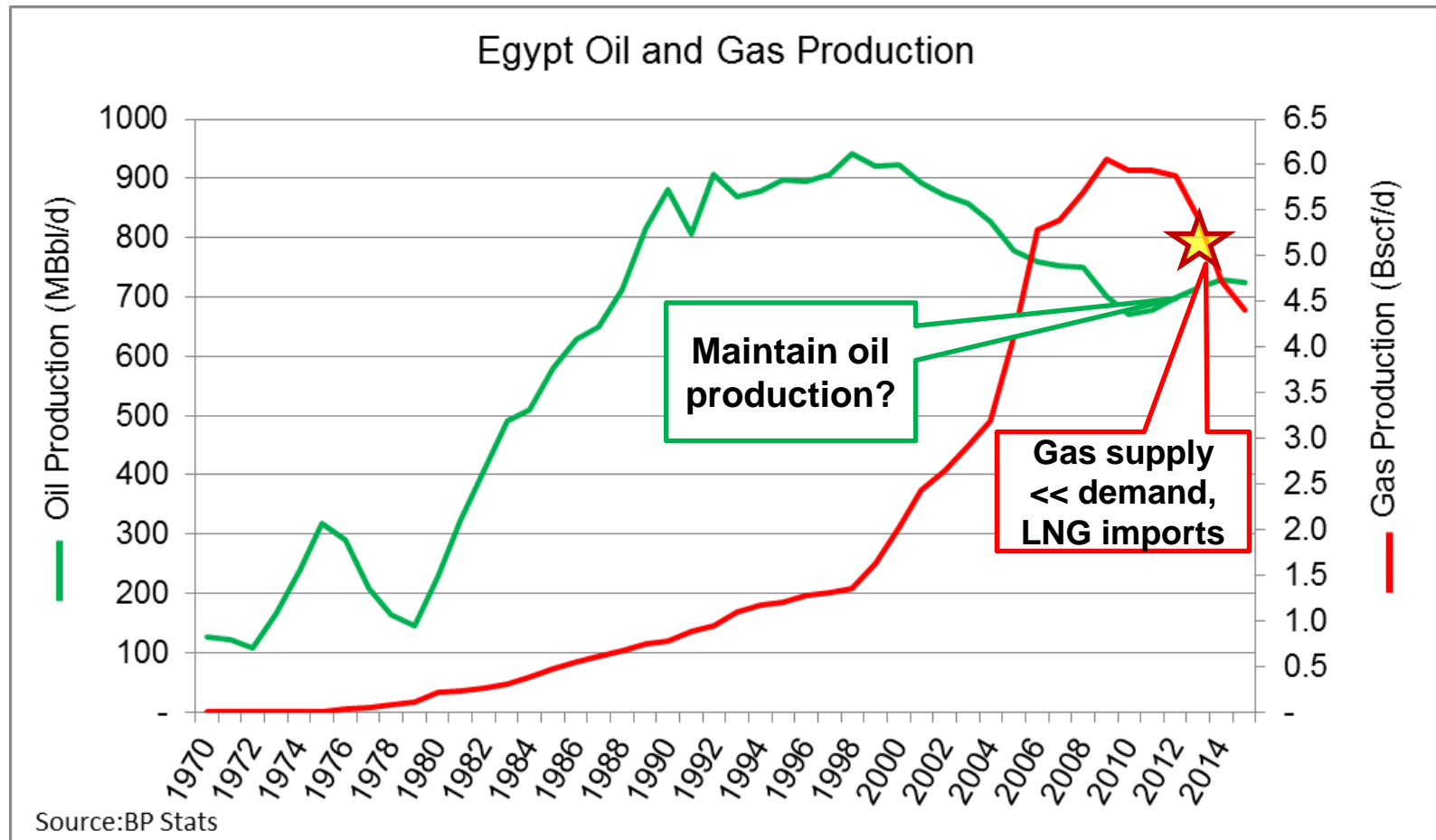
Egypt: the 'Golden Eagle'

- Volumes
- Demand
- Infrastructure
- LNG Plants
- Customers
- Investors
- Local knowledge



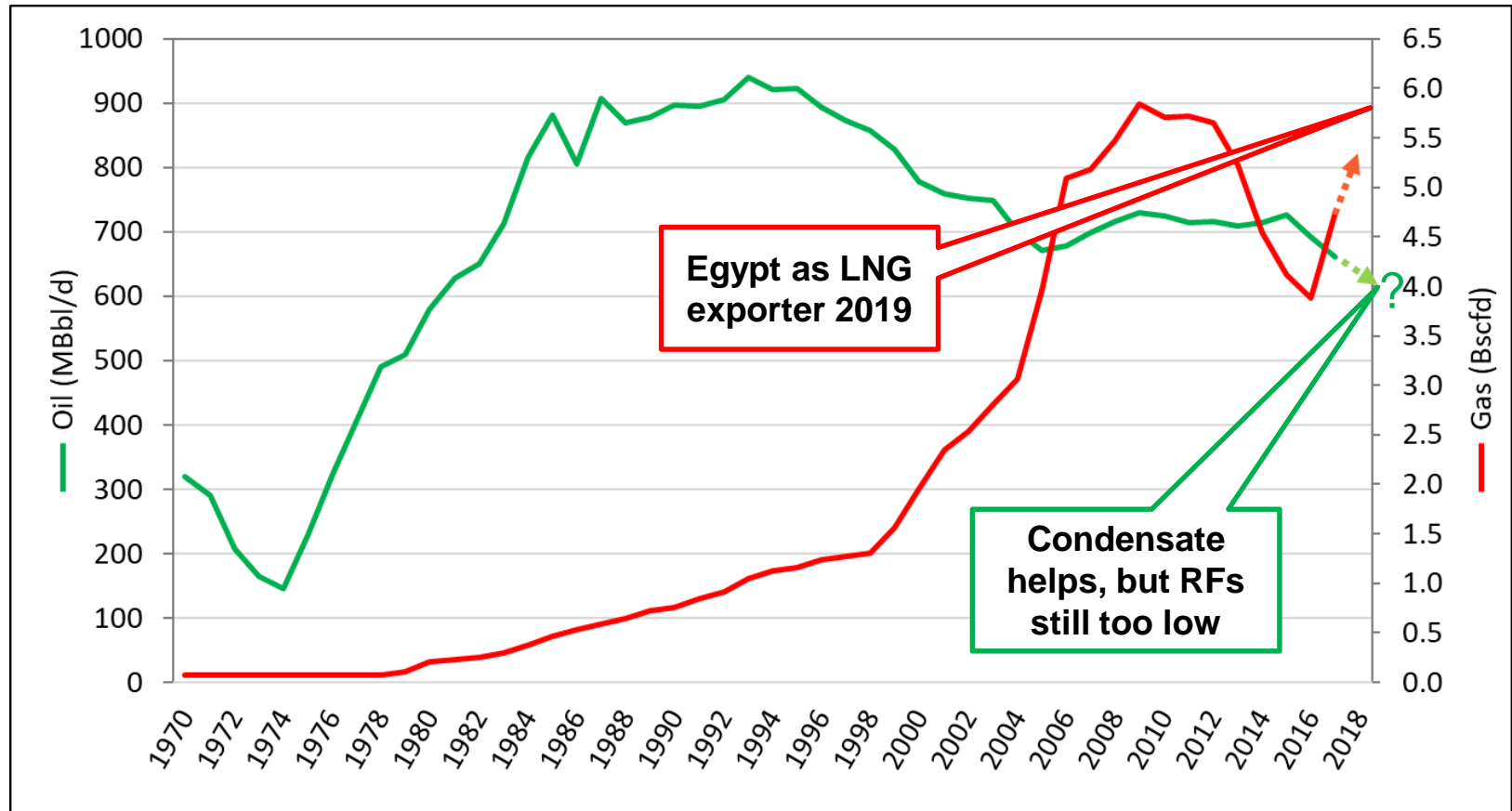
This is why Egypt continues to attract investments

Production in Egypt has seen tough times...



★ Egypt switched from being a net exporter to a net importer

....the future is far more promising



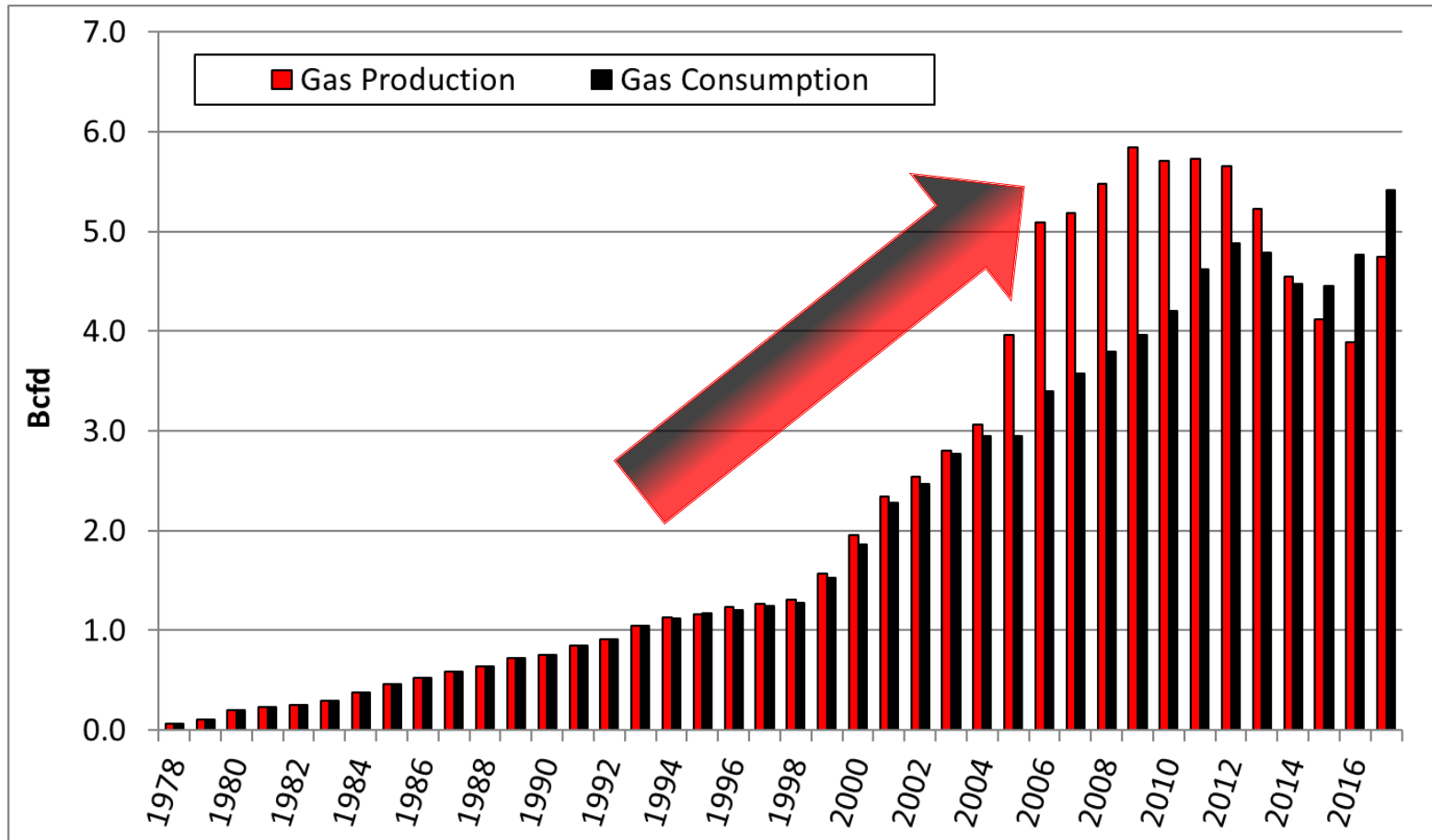
Many upstream oil opportunities, onshore and offshore.
Available capacities, Low cost/Bbl.

M&A Market



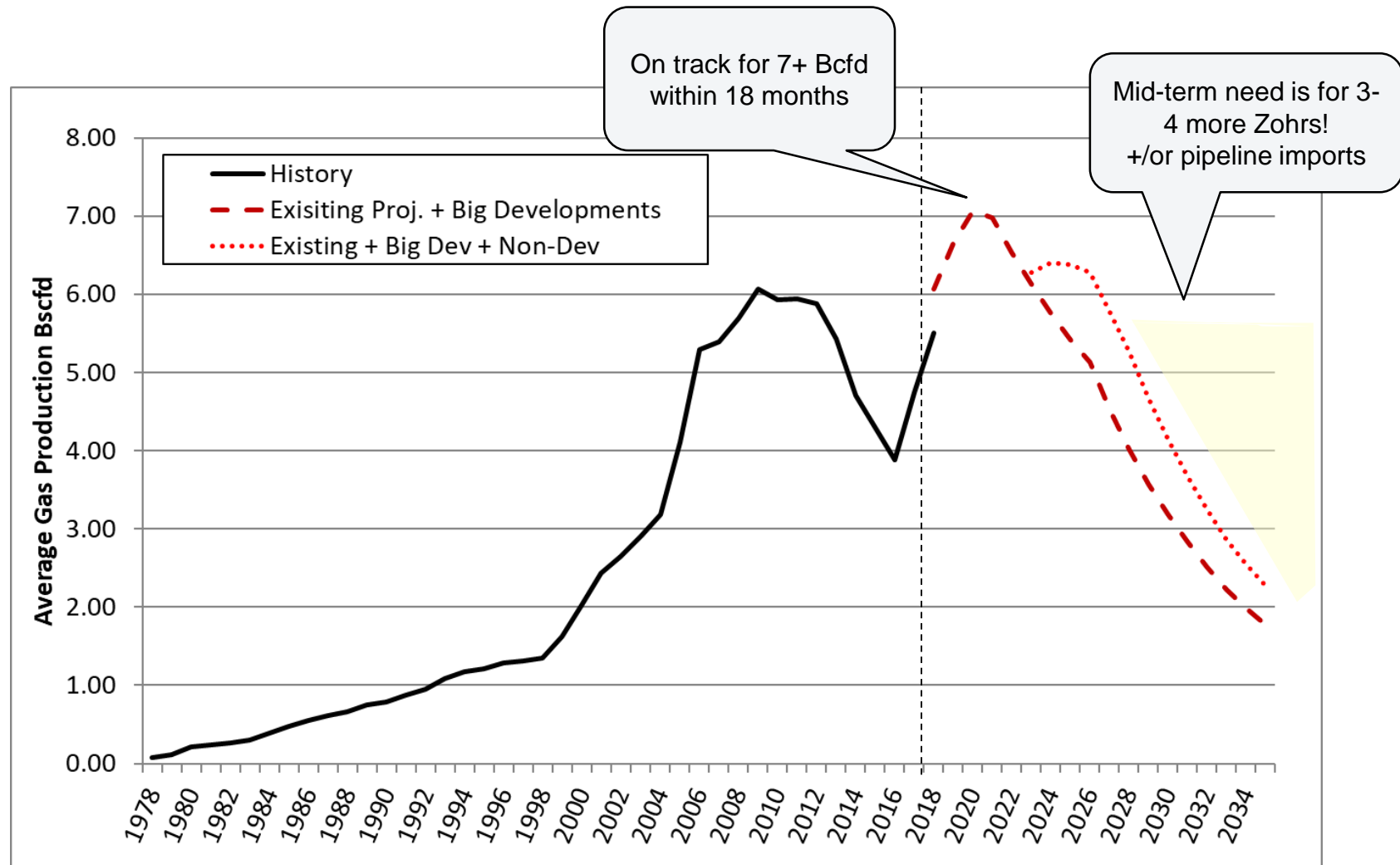
- Wide range of packages and farm-outs on the market
 - Efficient, well documented processes rewarded
- Intense competition for assets, “first come, first serve”
 - New entrants and start-ups backed by Private Equity to deliver growth
 - State and para-state investors for larger non-operated assets
- Typical deal size \$50-250 MM, 50% of Zohr \$1.9 B (3 deals)
 - Complex mature giant oil fields require new approaches and organizations

Egyptian Gas Supply-Demand Balance Evolves Rapidly



- Sustained rapid growth gas supply and demand pre 2012

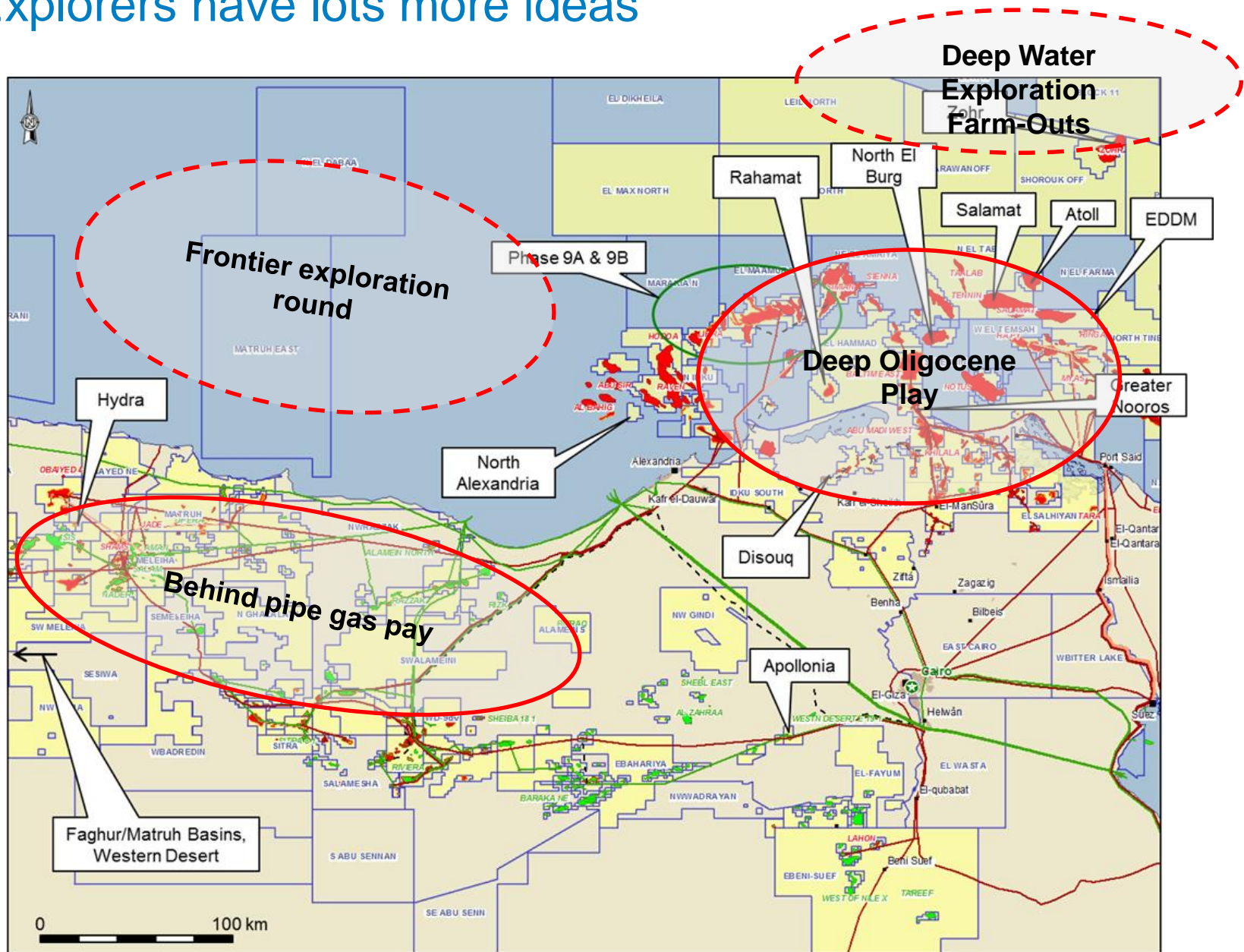
Gas Mega Projects “Burning Bright”



- Substantial gas surpluses potentially exist in the 2019-2022 time frame.
- With Egypt’s expected demand growth, the potential for LNG exports post 2025 may be minimal.
- East Med. piped gas helps avoid need for LNG imports.

Egypt Gas Potential

Explorers have lots more ideas



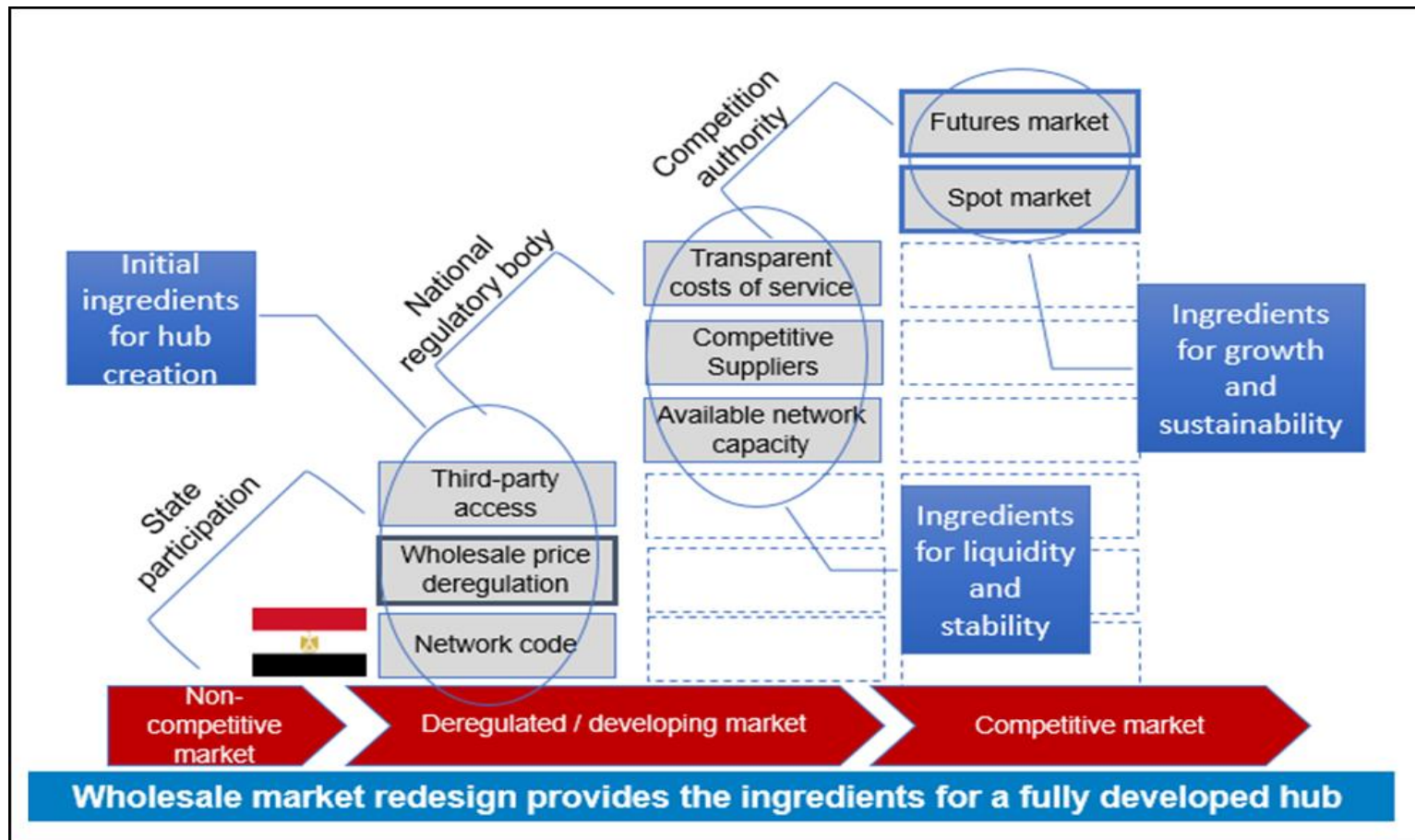
LNG Exports

- Resumption of small volumes of Idku LNG production already underway
- Damietta has been shut in, but is prepared for rapid start-up
- GCA sees a scenario whereby LNG exports will commence in early 2019 (confirmed by H.E. Tarek El Molla), potentially seasonal, then enable monetization of new feedstock gas from the most competitive of Egyptian and other regional gas production.

Gas Market Liberalization

- Law 196, which contains deregulation measures and was issued in the Autumn of 2017, marks progress towards the liberalisation of the Egyptian gas market, but further reforms are necessary and likely to occur.
- It may take a while, led by tariff structure for 3rd party access to the domestic grid

Creating a Wholesale Natural Gas Market in the Mediterranean



Conclusions

Oil

In the absence of new giant fields:

- Big new ideas on old fields, or
- Intense focus on hundreds of small, low cost projects

Egyptian Gas Supply/Demand

- Demand growth assured, major new CCGT + electron exports
- Surplus supply by end 2018, LNG exports “safety valve”
- Long term gas supplies need to be firmed up by 2020

Market Liberalization

- Market Liberalization will happen, may take a while,
- Plenty of scope for making money now.

Thank You, see you in Cairo or Nicosia

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