Ειδική Εκδήλωση ΙΕΝΕ

"Η Αραβική Άνοιξη, οι Επιπτώσεις στην Αγορά Πετρελαίου και ο Ρόλος των Κοιτασμάτων της Ανατολικής Μεσογείου"

«Η εμπειρία της Αιγύπτου»

Μαθιός Ρήγας

Πρόεδρος & Διευθύνων Σύμβουλος Energean Oil & Gas

Αθήνα, 30 Ιανουαρίου 2013

Agenda

1. Oil & Gas activities in Egypt throughout the Arab Spring
2. Energean's presence in Egypt: Our experience of the revolution
3. Challenges for the small E&P players in North Africa and lessons learned for Greece

In the wake of the Arab Spring

The Egyptian Revolution:
The capstone event of the Arab Spring




Political Leader & the revolution

Muhammad Hosni El Sayed Mubarak
1981 to Feb. 2011

The Day of Revolt
January 25, 2011

The Generals
A transitional period towards Democracy

President Mohamed Morsi
June 2012

Minister of Petroleum

Amin Sameh Samir Fahmy

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Abd EL Hady Kandil

No photo available

Ahmed Ezz Eldin Helal

Dr. Eng.Hamdy El Banby

Abdullah Ghorab

Osama Mohamed Kamal Abdel Hamid

Ganope Admin

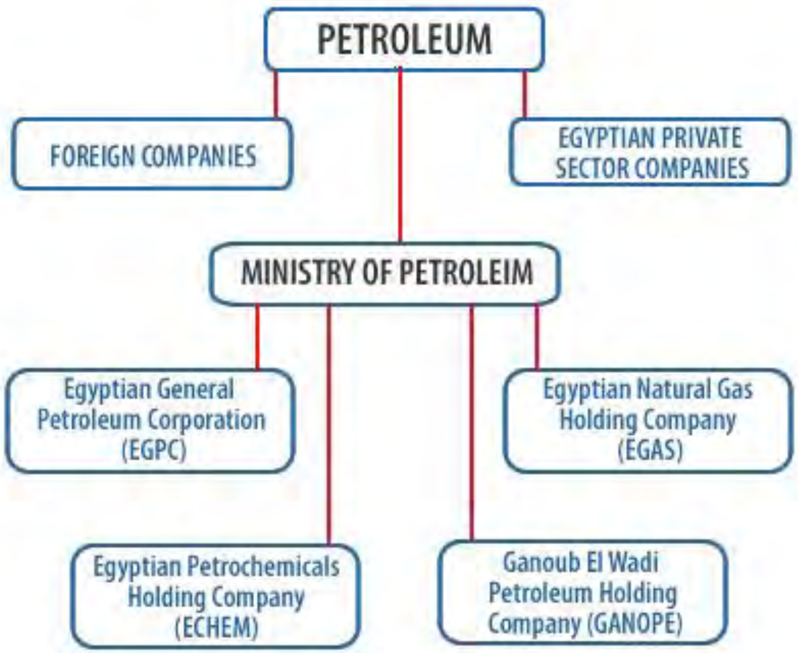
Sherif Ismail Mohamed

The Petroleum Industry in Egypt

- Egypt holds Africa's sixth-largest crude oil reserves with 4.3 billion barrels and the continent's third-biggest gas reserves with 77 trillion cubic feet (Source: BG)
- Daily production 735,000 bbls of crude and condensate and 6.3 billion cubic feet of gas (Source: Ministry of Oil)
- Significant undiscovered resources in the Levant and Nile Basin alone estimated to be c.67 bnboe (Source: USGS)
- *"There are a lot more opportunities than there were before the Arab Spring in places like Egypt, but it was the big finds in the East Med that fundamentally changed the industry's view of the region."* – Industry source on FT

Country	Oil Proven Reserves (bnbbl)	Proven Gas Reserves (tcf)	Total Proven Reserves (bnboe)	Oil Production (mbbl/d)	Gas Production (mmcf/d)	Gas Prices US$/mcf
Egypt	**4.3**	**77.0**	**17.1**	**735**	**5930**	**1.25-3.00**
Israel	N/A	9.8	9.8	N/A	150	5.30-7.30
Syria	2.5	9.1	4.0	386	974	7.60
Cyprus	N/A	N/A	N/A	N/A	N/A	15.00-18.00
Lebanon	N/A	N/A	N/A	N/A	N/A	8.30-10.00
Turkey	0.3	0.2	0.3	53	25	11.00–14.00

The structure of the Petroleum Industry in Egypt



Transitional period:
Political perplexity but “Business As Usual”

- ***“2012-2013 Oil & Gas investments in Egypt are expected to rise by 5% amounting to $86 billions”*** – Osama Kamal, Egyptian Minister of Petroleum & Mineral Resources
  - Gas domestic needs is to take priority over exports
  - Consumption rises at a fast pace to reach 70.3bcm by 2012
  - Government has to deal with the growing public demand for transparency and accountability

British Gas

- Planning to invest $3 to 5 billion in addition to the current investments totaling $10 billion

bp

- More than $100 billion will be needed over the next 5-7 year to meet Egypt’s Government demand
- Decided to invest $11 billion in a gas project (West Med Deep-water Concession) to produce 40% of country’s output

Shell

- Total investment in Egypt $3.5 billion, including $600 millions in 2011/2012

Apache
EXPLORING WHAT'S POSSIBLE

- Plans to increase investments in Egypt by $1.5 billion starting in 2012

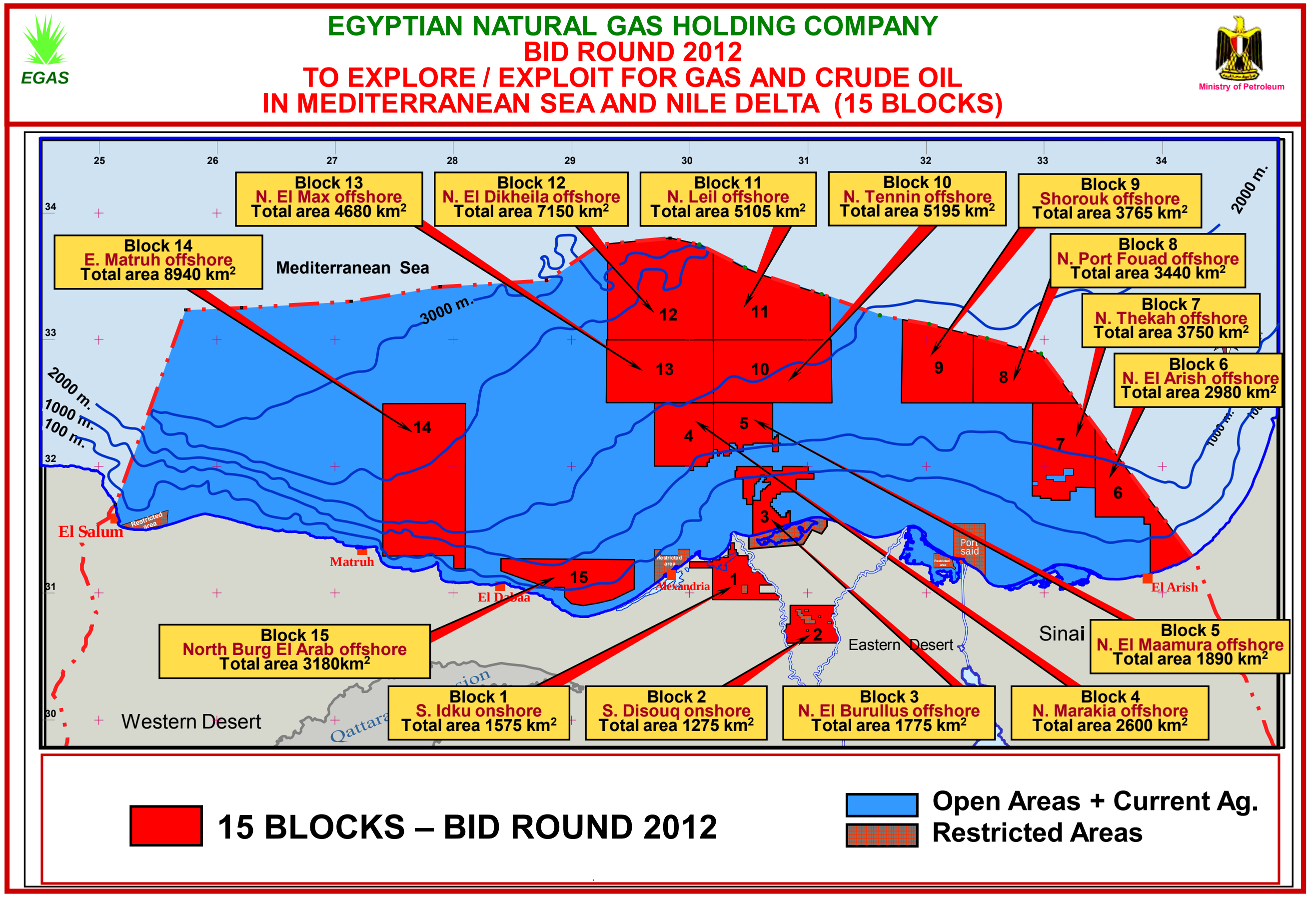
Blue-collar workers revolution

- The political origins of the Arab Spring are straightforward: Governments had failed to respond adequately to the growing demand of political inclusion and good governance
- The revolution in Egypt had a serious economic underpinning; the creation of jobs especially for the young people


يسقط

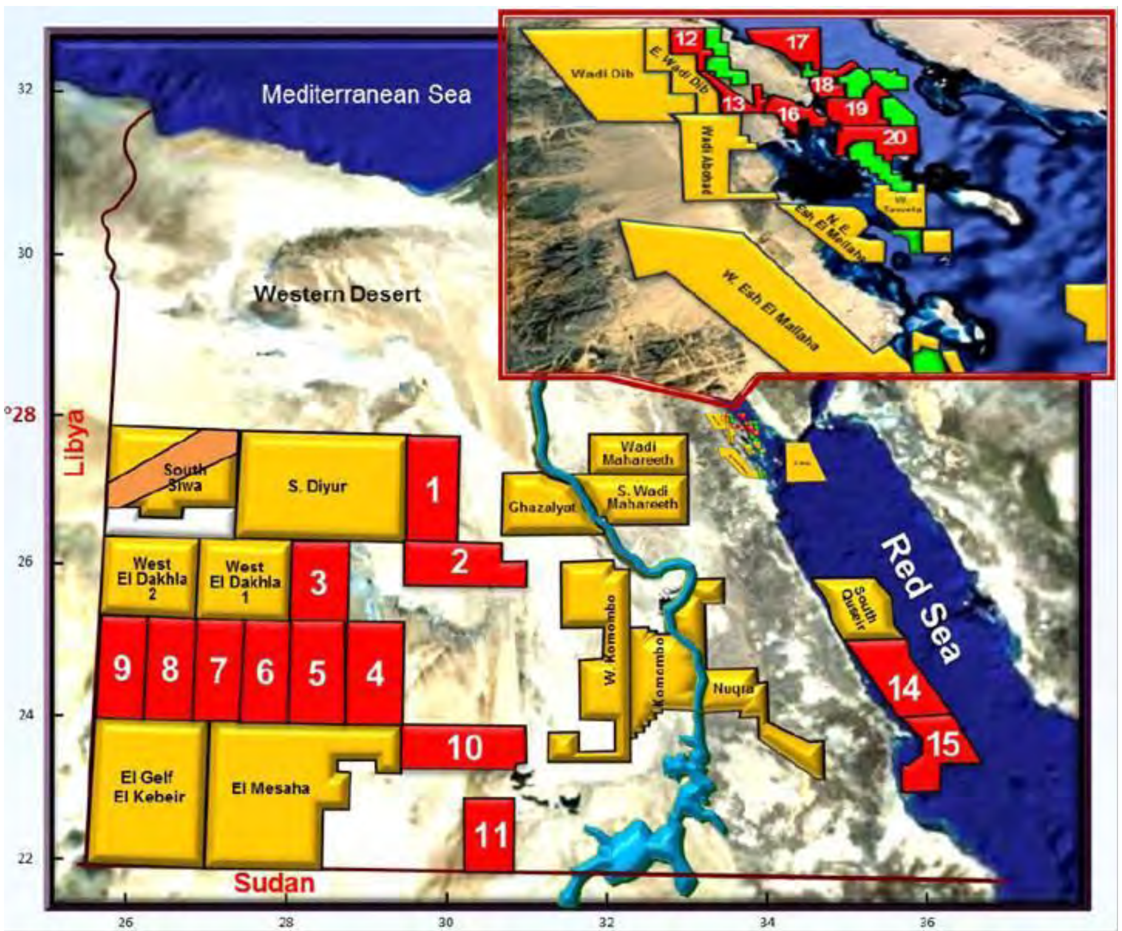
Ongoing Bid Rounds: EGAS

- Gas price – negotiable
- New Bid Round offering 15 Exploration Blocks in the Mediterranean Sea and Nile Delta Basins (Closing date: February 13, 2013)



Ongoing Bid: GANOPE

- New bid round offering 20 concessions for oil and gas exploration
  - Blocks located in the Gulf of Suez, Eastern and Western Dessert and the Red Sea (Closing date: May 30, 2013)



Effects on key domestic industries

- **Oil & Gas Production**
- **Shipping**
- **Investments**
- **Gas exp**
- **Security**

- Stable but declining
- No ch
- oil & gas
- isrupted
- Evolving into a major issue

Oil and gas framework remained unaffected

Assets and Activities in Egypt

East Magawish – Gulf of Suez:
Near infrastructure exploration

- In 2009 Energean entered Egypt via farm-in the East Magawish concession, offshore Gulf of Suez, 21 km^2
- 85% working interest (Operator)
- Surrounded by many producing multi-reservoir fields
- Next to existing infrastructure, planned wellhead 100 meter from operational pipeline with spare capacity
- First exploration well drilled in 2012
- 2nd Exploration well spudded January 2013

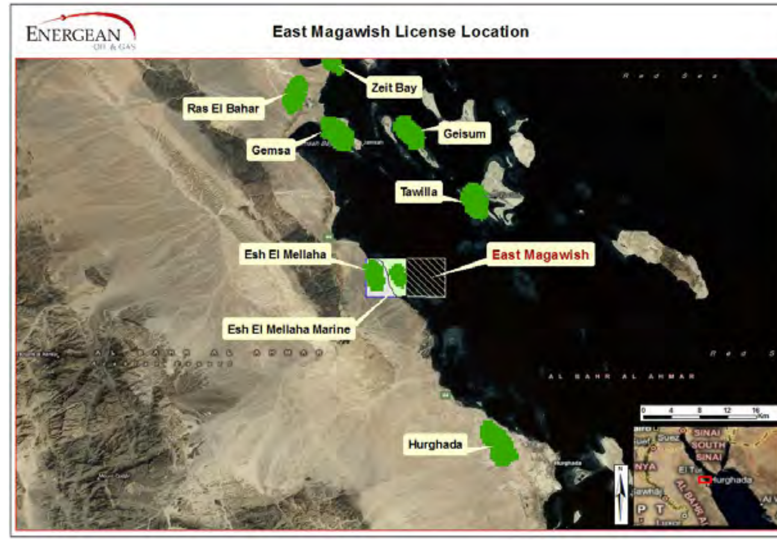
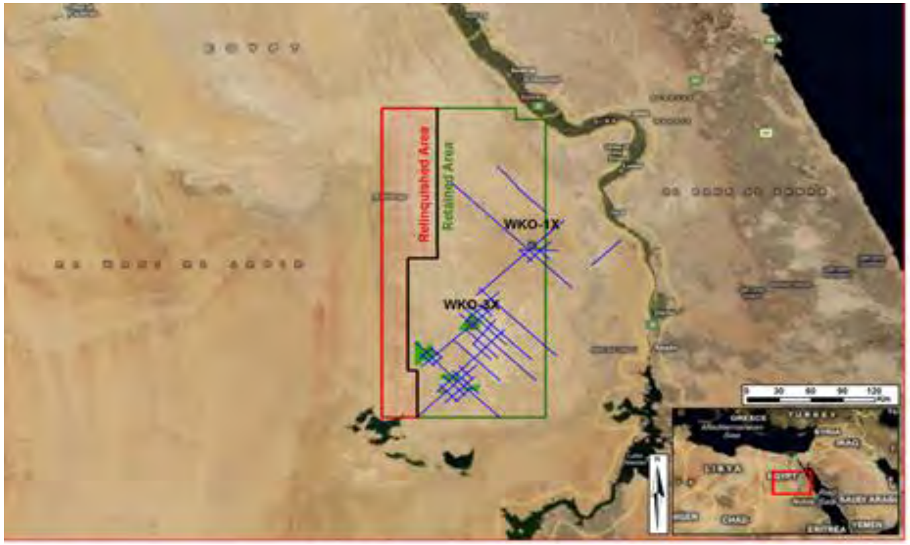


Photo: Reef in Sharm el Sheikh, Hurghada

West Kom Ombo Block (WKO):
High impact exploration

- Frontier Exploration License of 31,520 km², one of the largest onshore blocks in Egypt
- 90% working interest (Operator)
- Only 699 km of 2D seismic data, available
- Constructed over 200 km of road and infrastructure in harsh dessert environment
- Two wells drilled in 2011, obligations of 1st exploration phase completed:
  - Both wells reconfirmed the presence of the primary target reservoirs with very good reservoir properties
  - The wells were used as stratigraphic calibration points for the design of the aeromagnetic survey
- Currently on 2nd exploration phase - 3 years from January 2012. No further financial commitment
- Aeromagnetic survey acquired results currently being evaluated



Challenges for a small E&P player in North Africa

- Security
- Securing quality acreage in competition with the IOC's
- Payment delays
  - EGPC US$6 to 7 billion behind in payments to oil & gas companies
- Corruption – Middlemen
- "Diesel crisis" cripples the activity of many vital sectors
- Rising cost of operations
- Funding of operations

Lessons learned from a foreign investor in the Oil & Gas Upstream Industry

ENERGEAN OIL & GAS

	Greece	Egypt
Bureaucracy and inflexibility in the public sector	×	√
Continuity in Ministry Administration	×	√
Level of technical knowledge and expertise in oil policy	×	√
Payment delays creates liquidity problems	×	×
State’s credibility issue affects opportunities to raise capital and attract investments	×	√
Invalidity of Laws - Need for “interpretations”	×	√
Environmental laws and conditions – Delays in approvals of relevant applications	×	√
Flexibility of Employment Laws	×	√
Presence of service companies and oil industry equipment	×	√
Energy market structural issues (monopolies, diesel crisis, taxation, etc.)	×	×
Level of Operating Costs (OPEX/Barrel)	×	√

"...Democracy is not only the ballot box.

It is the respect of human rights, for rights of women, separation of powers, independence of the judiciary."

Former Arab League Secretary-General Amr Moussa

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