

PRESS CLIPPING SHEET

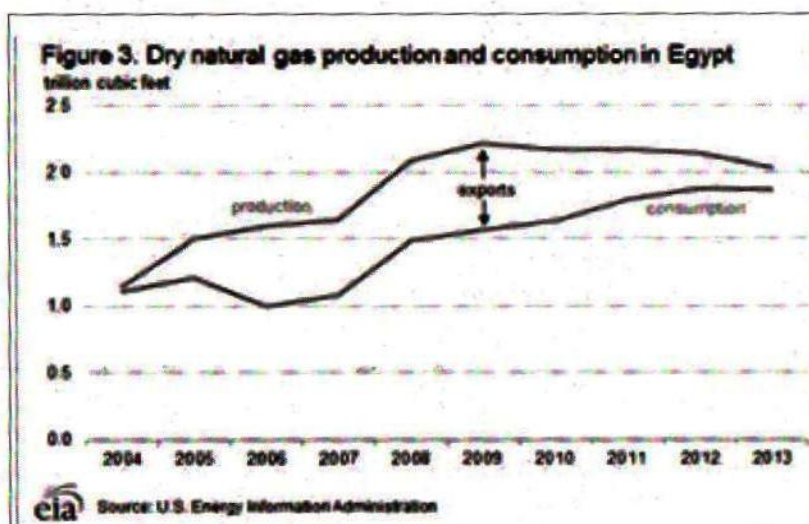
PUBLICATION:	Daily News
DATE:	14-June-2015
COUNTRY:	Egypt
CIRCULATION:	60,000
TITLE :	Natural Gas Production Decreases
PAGE:	06
ARTICLE TYPE:	General Industry News
REPORTER:	Staff Report

NATURAL GAS PRODUCTION DECREASES

The EIA showed a decrease by 5% in dry natural gas production from 2012 to 2013, despite new discoveries made almost annually in the Mediterranean Sea, Nile Delta, and the Western Desert. Egypt produced 2tr cubic feet (Tcf) of dry natural gas in 2013, of which almost 1.9 Tcf was consumed domestically and over 0.1 was exported. To meet rising domestic demand, particularly in the electricity sector, Egypt has been limiting natural gas exports. Exports have thus declined significantly by an annual average of almost 30% from 2010 to 2013.

As for proved natural gas reserves, Egypt holds 77 Tcf, according to OGJ estimates as of 1 January, marking an increase of 18Tcf from the 2010 estimate of almost 59 Tcf, recording the fourth largest amount in Africa.

To satisfy natural gas consumption, which has increased 7% annually over the past decade, Egypt started importing liquefied natural gas (LNG) in 2015. In May 2014, Egyptian Natural Gas Holding Company (EGAS) agreed with Norway's Hoegh LNG to use one of its Floating Storage and Regasification Units (FSRUs) for five years to allow Egypt to import LNG. In April 2015, the FSRU arrived to Egypt with the first LNG cargo. Egypt has also signed deals importing LNG from Russia's Gazprom and Algeria's Sonatrach, according to the EIA re-



EXPORTS DECLINED SIGNIFICANTLY BY AN ANNUAL AVERAGE OF ALMOST 30% FROM 2010-2013

port. The report also shows much of the natural gas consumed in Egypt is used for electricity power plants. The share of natural gas consumption in the transport sector also increased after the development of compressed natural gas (CNG) infrastructure and vehicles.

Discoveries in the Mediterranean Sea and other areas remained undeveloped due to the cheap price Egypt paid to foreign operators for natural gas, which was \$2.65 per million British thermal units

(Btu). However, in recent years, EGAS has signed deals to pay foreign operators a higher price ranging from \$3.95 to \$5.88 per million Btu in order to attract more investors, according to EIA. An additional obstacle facing the increase of natural gas output is the substantial debt Egypt owes foreign operators. In turn, some of those operators have reduced their drilling activity and delayed project investments that could help reverse Egypt's declining production.