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# Zohr discovery stimulated increased investments in gas prospecting in Mediterranean: Official

**Egypt to increase gas production to 5.3bn cubic feet after linking part of Shorouk's production in 2017**

By Mohamed Adel

A senior official at the Ministry of Petroleum said Eni's recent gas discovery boosted Egypt's ability to secure gas for the domestic market. The total production will increase to about 5.3bn cubic feet per day by 2017, when Zohr's production begins.

The Zohr discovery stimulated foreign companies to increase investment in research and exploration for gas in the deep water of the Mediterranean Sea. The official expected more petroleum discoveries in the Mediterranean; a number of companies are currently conducting studies and will soon reveal their preliminary results.

The Egyptian General Petroleum Corporation (EGPC) agreed with Eni to begin production from the Zohr field in 2017, with quantities expected at over 1bn cubic feet of gas per day.

EGPC Chairman Mohamed El-Masry said the agreement includes increasing production to 2.7bn cubic feet of gas per day by 2019. EGPC held a meeting with Eni to negotiate the price for gas, which is linked to a price equation with a minimum price of \$4 per million British Thermal Units (BTUs) and a maximum of \$5.88 per million BTUs.

EGPC agreed with Eni to renegotiate the price of Zohr gas production in 2019. Eni was officially informed not to export any of the produced gas. "The agreement states that all the production will be provided to the domestic market," El-Masry said. "Only in case of excess will exporting be allowed."

Companies were expected to finalise seismic surveys after 18 months, but Eni's Zohr discovery accelerated



Eni will begin production from the Zohr field in 2017

research and exploration. The Italian Edison completed its seismic surveys for its concession area next to Zohr in December. "Edison is likely to find gas, since those layers are unbroken and will have much gas in them," El-Masry said.

The Shorouk concession agreement between Eni and EGAS includes setting aside 40% of the value of gas discovered to repay the foreign partner's investments in the project. The remaining 60% will be distributed between the government and Eni, at 65% and 35% respectively.

The 40% repayment value will be provided to the foreign partner after finalising its investments, according to the agreement between EGAS and Eni. Its investment in the project amounts to \$7bn for the development of its concession area in the deep Mediterranean Sea waters over three years.

An Eni report revealed that the concession area's information and seismic data include original reserves estimated at 30tr cubic feet of natural gas, equivalent to about 5.5bn barrels. It covers an area of up to 100 sqkm

and will become the largest natural gas discovery in the Mediterranean Sea. It may one of the largest gas discoveries in the world.

The report said the new find was detected at depth of 1,450 metres and reached a depth of 4,131 through 2,000 feet of hydrocarbon limestone rocks from the Miocene Epoch.

Eni will continue drilling early next year. It will drill three wells at once to accelerate the procedure and exploit existing infrastructure. The development of the discovery is expected to take three years to contribute significantly to meeting the needs of the domestic consumption of natural gas.

In August 2015, the Italian company Eni announced the discovery of the Zohr natural gas deposit in the deep waters off Egypt's north coast.

While estimates are yet to be conclusive, early reports suggest that the deposit could hold a reserve of 30tr cubic feet of gas on an area of approximately 100 sqkm. The Zohr reserve is the largest gas discovery ever made in Egypt and in the Mediterranean Sea, according to Eni.