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Can contract models with partners fuel energy returns?

Analysts call on government to conceive new models for exploration and development deals

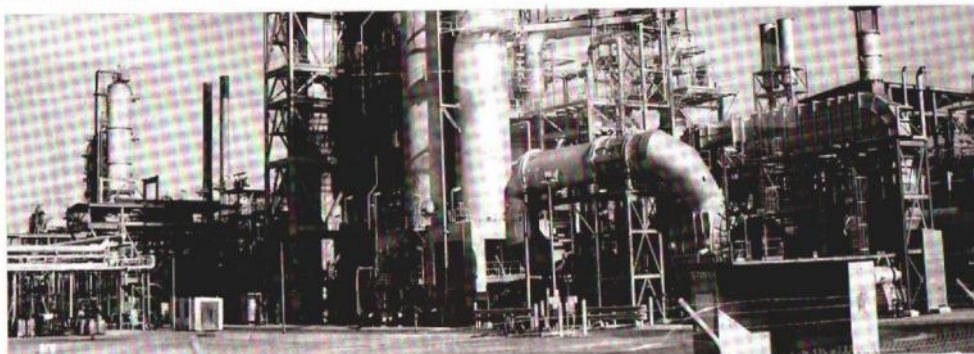
By NESMA BAYOUMI and OMAR SALEM

The government is adopting an ambitious plan to increase levels of local energy production and supply the demands of the market, which brings the question of the preferable partnership methods for the projects.

These methods include the BOT, PPP and BOO and the government plans to expand their implementation in the coming projects.

Officials and analysts in the energy sector argue that implementing these systems will increase partnership with the private sector and bring more investments for the state.

For the oil sector, they called for the introduction of refining and petrochemi-



cal projects using these systems to bring in bigger investments, revenues and open the door for private sector.

As for research, exploration, production and development projects, they explained that the production sharing model is the one currently applied, as the government sees it as the best to utilize its resources.

The analysts called for the study of implementing new systems in exploration projects, like service contracts and tax and loyalty.

All opinions agreed that developing partnership projects will increase revenues and best utilize the state's resources, but it will not directly affect the pricing process, as it is affected by sovereign decisions linked to local and global changes.