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POWER AND RENEWABLES

- ⇒ Orascom signs civil works contract for Walidia
- ⇒ Deadline set for FiT cost-sharing agreement
- ⇒ Minister: Power tariff hikes to take effect from August
- ⇒ Hassan Allam 'begins civil works' at Cairo West
- ⇒ Ministry receives funding proposals for solar panel project
- ⇒ 'Proposals submitted' for Siemens plants maintenance, operation
- ⇒ Five firms said to prequalify for Gulf of Suez wind tender
- ⇒ Finance ministry approves various loan guarantees
- ⇒ NDEDC considers compensation requests
- ⇒ NREA 'to issue 200MW wind farm tender'
- ⇒ Sohag East substation bidders 'revealed'
- ⇒ EETC issues telecommunications tender for 6th October substation
- ⇒ NDEDC issues power supplies tenders
- ⇒ Decree allocates 2,400 meters of land for power distributor
- ⇒ Matrouh power network upgrades completed

ENERGY NUMBER OF THE WEEK

30

The price of LPG cylinders has doubled, increasing to EGP30 in FY2017/18, from EGP15 in FY2016/17.

The cabinet announced on 29 June the new fuel prices, which involve dramatic changes.

Petroleum minister Tarek el-Molla said that, despite the sharp increase in LPG prices, the government is still subsidising EGP85 per cylinder, saying each actually costs EGP115.

OIL, GAS, FUEL AND PETROCHEMICALS

- ⇒ New fuel prices announced
- ⇒ SDX Energy provides operations update
- ⇒ Petrobel awards ADES offshore drilling contract
- ⇒ AMOC sales double y-o-y
- ⇒ Details reported on North Om Baraka agreement
- ⇒ Details reported on Apache agreement
- ⇒ Gas production up in April
- ⇒ AMOC targets EGP10.3bn in revenues for FY2017/18
- ⇒ Maridive net profits up in Q1
- ⇒ Mediterra Energy raises production rate at Sinai fields
- ⇒ ANRPC CCR platforming units are 79% complete
- ⇒ Enppi to list in two months, 'four law firms' bid to advise
- ⇒ Butane imports down in April
- ⇒ DEA 'to hand over' Ras Fanar block to EGPC
- ⇒ El-Molla meets Vegas Oil and Gas CEO
- ⇒ EGX Updates (Maridive, MCI, ELMACO)
- ⇒ EGX Updates (Qalaa, NDRL, Maridive)
- ⇒ EGX Update (Abu Qir)

POWER AND RENEWABLES

Orascom signs civil works contract for Walidia

Orascom Construction has signed a \$100m contract to carry out civil works for the 650MW Walidia power plant, according to a company press release.

No further information was provided.

In March, local press reported that Orascom had been awarded the civil works tender for the plant, saying that it would cost EGP1.3bn.

This cost estimate, equal to around \$72.6m at the current exchange rate, is significantly less than the contract value provided in the recent statement.

In October, it was reported that four companies had bid for the civil works tender, with the lowest bid submitted by Orascom.

The scheme involves building a new gas/oil-fired 650MW unit at the Walidia facility in Assiut. Some 18 local and international contracting packages are involved, with the total cost estimated at \$700m-750m.

PGESCO is acting as project and procurement manager for the project.

The foreign currency component of the scheme is being financed by loans and grants from a number of regional institutions, including the following:

Cairo West lenders	
Saudi Fund for Development	\$100m loan
Arab Fund for Economic and	\$220m loan
Kuwait Fund for Arab Economic	\$110m loan
Islamic Development Bank	\$222m loan

In May, Orascom announced that it generated 52.4% of its Q1 2017 revenues from its Egypt operations.

Total revenues in Q1 were around \$1.1bn, with around \$558m of this coming from Egypt.

Egypt also accounted for 59.5% of Orascom's total backlog.

Orascom is an international construction, procurement, and engineering company, controlled by the Sawiris family.

It is dually-listed on the NASDAQ Dubai and Egyptian stock exchanges.

Deadline set for FiT cost-sharing agreement

Solar developers have been asked to sign the amended cost-sharing agreement associated with the Feed-in-Tariff (FiT) scheme by 16 July, one of the developers told the *Egypt Energy Monitor*.

Several developers involved in the scheme previously told the *Egypt Energy Monitor* that the new rate is now EGP955,000 per MW of capacity, and was calculated by the EETC on an exchange rate of EGP18 to the dollar.

The original rate was EGP583,000 per MW, at a time when the rate was EGP8.8 to the dollar.

Some firms previously said that they had already signed the revised, higher-value cost-sharing agreement with the Egyptian Electricity Transmission Company (EETC) including, Al Fanar and Elf.

The cost-sharing agreement will cover the following:

- Four substations, including spare parts
- Extension of the third substation
- 22kV underground cables
- Local monitoring system in Benban
- Overhead transmission lines from the four substations to existing EETC substations
- Spare parts for the underground cables, local monitoring centre, and overhead transmission lines
- 12% overhead cost

Firms seeking to be involved in the second round were required to provide preliminary approvals from international lenders by 28 April, or risk being disqualified from the scheme.

The EETC was expected to finish assessing the initial commitment letters from lenders in June.

Minister: Power tariff hikes to take effect from August

Prime minister Sherif Ismail announced last week that the new electricity tariffs would come into effect from August, according to *Ahram*.

He added that the new tariffs would "take into consideration" lower-income customers.

Last month, electricity minister Mohamed Shaker said the tariffs would be imposed starting in July, at a rate of 97 piasters per kWh for the bracket consuming over 1,000 kWh per month.

Shaker added at that time that the new tariffs would be officially announced at a press conference after the Eid al-Fitr break.

This would represent a 2% increase from 95 piasters per kWh in FY2016/17, and a 15.5% increase from 84 piasters in FY2015/16.

Shaker did not provide any details on the tariff rates for other brackets.

Local press previously reported that electricity tariffs were expected to increase by 30-40% in FY2017/18, to be imposed in July or August.

In May, local press reported that the Egyptian Electric Utility and Consumer Protection Regulatory Agency (EgyptERA) would divide residential consumers into four categories, instead of seven, and increase tariffs for FY2017/18.

The sources added that the electricity ministry would make a final decision on the tariffs in May and implement the changes by July, with the beginning of the new fiscal year.

According to that report, the tariff would increase by 10-20% for the first two categories of (0-100kWh) and (100-200kWh), by 40% for those who consume over 300kWh, and by an unspecified higher amount for higher brackets.

Hassan Allam 'begins civil works' at Cairo West

Hassan Allam has reportedly started to carry out civil works at the Cairo West power plant, unnamed sources told *Al Mal*.

The Islamic Development Bank (IDB) will sign a loan agreement with Hassan Allam to cover the civil works within days, said the sources.

However, according to the IDB website, the civil works package will be funded by the Kuwait Fund for Arab Economic Development (KFAED).

It is not clear whether the sources were mistaken.

In March, local press reported that Hassan Allam had been awarded the civil works tender for the Cairo West plant.

A source said at that time that Hassan Allam would carry out the civil works for EGP1.1bn, after competing for the tender with local and foreign firms.

In November, local press reported bid values for the civil works tenders for the Cairo West power plants; five bids were submitted, with the lowest financial offer made by Hassan Allam sons at EGP1.1bn, while Arab Contractors was the highest.

The scheme involves adding a new 650MW unit to the existing gas-fired Cairo West plant, which has an installed capacity of 1,360MW.

In May, Egypt's cabinet approved a \$100m loan from the Saudi Fund for Development (SFD) to part-fund the project.

The project is led by CEPC and financed by loans and grants from a range of international financial institutions, including the Arab Fund for Economic and Social Development (AFESD), IDB, and KFAED.

PGESCO is acting as project manager and adviser to CEPC, which owns and operates the plant.

The first power plant at Cairo West was originally commissioned in the mid-1960s, with further upgrades and extensions taking place in 1995 and 2010.

Ministry receives funding proposals for solar panel project

The Ministry of Military Production has received funding proposals from two unnamed Korean and Chinese banks, as well as from the European Bank for Reconstruction and Development, for a solar panel manufacturing project, minister Mohamed al-Assar told *Al Borsa*.

Though al-Assar did not specify which project he was discussing, it is assumed that he was referring to the 1GW solar plant project and solar cell manufacturing plant that is being planned with Germany's PSE Engineering and local engineering consultants.

Al-Assar said that the ministry will study the offers during the upcoming period, but did not specify when a decision might be made.

PSE is expected to finish the feasibility studies for the project in three months, at which point the ministry will choose a funding proposal and specify how much the National Organisation for Military Production (NOMP) will contribute to the project.

NOMP is affiliated with the Ministry of Military Production.

Al-Assar added that the ministry still has not decided whether the project will be funded through loans, or by providing the funder with project shares.

He also said that the project will cost \$2bn and will be carried out within two years from the completion of the feasibility studies.

Weekly meetings are currently being held by the electricity and international cooperation ministries to discuss the project.

In May, the ministry, PSE Engineering, and the local consultants signed a contract to carry out technical and economic feasibility studies for building the 1GW solar plant project and a solar cell manufacturing plant.

The international cooperation ministry formed a tripartite committee with the military production and electricity ministries to oversee the work.

In January, the cabinet approved a KWD200,000 loan by the Kuwait Fund for Arab Economic Development (KFAED) to fund economic and feasibility studies for a 1GW solar plant project and solar cell manufacturing plant, which is thought to be the same project.

In August, al-Assar reportedly signed a memorandum of understanding (MoU) with China Electronics Technology Group and local company El Fath Company for Trading and Contracting for a 1GW solar panel plant.

A month earlier, al-Assar and Nasr signed a similar MoU with China's Tebian Electric Apparatus (TBEA), again for a 1GW solar facility.

'Proposals submitted' for Siemens plants maintenance, operation

The Egyptian Electricity Holding Company (EEHC) has reportedly received four technical proposals for the maintenance and operations of the three Siemens-led power plants, according to unnamed electricity ministry sources.

The sources told *Al Borsa* that the proposals were submitted by the following firms and consortiums:

- Siemens
- Orascom – 'Adera' consortium
- Elsewedy Electric – EDF consortium
- 'Shetiag'

The sources said that the EEHC has formed a committee to review the offers, adding that the review is expected to be finished by next month, at which point the firms will be asked to submit their financial proposals.

A contract with the winning firm or consortium will be signed by end-2017, the sources said.

Siemens is leading the development of three 4,800MW combined cycle gas-fired plants in Egypt, each with eight units.

The plants were agreed upon in an €8bn contract in June 2015. The projects are being implemented on an EPC + Finance basis.

Five firms said to prequalify for Gulf of Suez wind tender

The New and Renewable Energy Authority (NREA) has reportedly prequalified five firms for its tender to build a 200-250MW wind farm in the Gulf of Suez, unnamed NREA sources told *Al Borsa*.

The sources listed the prequalified firms as follows:

- Vestas
- Siemens
- Enercon
- Senvion
- 'Power China'-Goldwind consortium

These firms are expected to submit their bids in August, said the sources.

According to the sources, 21 companies purchased the terms of reference for the prequalification tender, including:

- Acciona Windpower
- Orascom
- GE
- Lekela Power
- Enerpal

In June, it was reported that NREA had decided to postpone until 13 June the deadline for receiving prequalification documents from EPC contractors for the project.

The tender was issued in March for the design, manufacture, implementation, construction, and operation of the scheme, with an original deadline of 29 May.

More information about the tender is available for premium subscribers in our Tenders section.

In May, the parliament's energy and environment committee approved an umbrella agreement from various EU-based institutions to fund the project.

It ratified an agreement signed last November with the Agence Française de Développement (AfD), the EU, the European Investment Bank (EIB), and KfW.

According to a statement from the international cooperation ministry last year, the bodies are contributing the following amounts:

05.07 Gulf of Suez lenders

EIB	€115m
KfW	€72m
AfD	€50
EU	€30m

Norway's DNV GL is acting as a consultant on the project.

It is one of a series of wind schemes planned along the Gulf of Suez and the Red Sea, several of which are being funded by government agencies from countries including Spain and Japan.

Private sector-led projects planned for the same area have been severely delayed, but donor-led schemes appear to be moving forward more quickly - albeit still at a relatively modest pace.

Finance ministry approves various loan guarantees

Finance minister Amr el-Garhy has approved providing financial guarantees for loans worth a total of \$1.3bn, plus EGP700m, to the Egyptian General Petroleum Corporation (EGPC), Middle Delta Electricity Production (MDEP), and the Egyptian Electricity Transmission Company (EETC).

According to a finance ministry statement, the ministry will provide guarantees for two loans to the EGPC: a \$450m loan from the International Islamic Trade Finance Corporation (ITFC) and a \$150m credit facility from the National Bank of Egypt's (NBE) London branch and various local banks.

The \$150m facility will be used to pay international oil companies and cover local fuel demand.

The statement added that the ministry would provide an EGP1bn guarantee for the \$150m sym.

The ministry will also guarantee an EGP700m loan from the National Bank of Kuwait (NBK) to MDEP, which will be used to pay dues to contractors.

In addition, it will guarantee a \$690m loan from the Export-Import Bank of China (Exim Bank of China) to fund the EETC and State Grid Corporation of China (SGCC) project to extend 500kV electricity transmission lines by 1,210 km.

In May, SGCC finalised agreements for the loan on its EPC + Finance contract to build the lines.

The *Egypt Energy Monitor* understands that SGCC has already made significant progress on the project, despite funding only just having been secured.

According to a separate *Al Mal* report, the Egyptian Electricity Holding Company (EEHC) has received a guarantee from the finance ministry for an EGP37bn loan, which is to be repaid over 10 to 15 years.

In May, the parliament's energy committee approved the draft law allowing the finance ministry to act as financial guarantor on contracts, according to committee member Essam Abdullah.

The guarantee will require the ministry to cover payments due by state-owned companies in the case of default.

In April, it was reported that the Ministry of Finance had been granted cabinet approval to act as financial guarantor for the Egyptian Electricity Transmission Company's (EETC) annual commitments, according to a cabinet statement.

The statement said that the decision was made in accordance with Power Purchase Agreements (PPAs) for the following projects:

- Dayrout
- Ayoun Mousa
- Gulf of Suez wind farm

It is not clear whether this meant that the ministry could act as a guarantor only for those projects, or all EETC projects.

The council had reportedly finished reviewing amendments to the law, and said several contracts with state-owned companies had been put on hold because lenders had asked for a guarantee from the ministry.

NDEDC considers compensation requests

The North Delta Electricity Production Company (NDEDC) is considering requests from ten power firms seeking compensation for losses they incurred as a result of the currency flotation, chairman Ibtehal al-Shafei told *Al Borsa*.

Al-Shafei said that a committee has been formed to review valid contracts that were made before the flotation, while negotiations are ongoing with firms that supplied cables, transformers, switchboards, and other electrical supplies.

She added that the firms had asked to be compensated by 40% of their contract values.

However, the firms subsequently agreed to a maximum compensation rate of 30%, as determined by the Egyptian Electricity Holding Company (EEHC).

The firms that requested compensation included:

- El Nasr Transformers & Electrical Products (ELMACO)
- Egyptian German Electrical Manufacturing Company (EGEMAC)
- Electro Cable Egypt
- Elsewedy Cables

Al-Shafei added that the firms would not cancel their contracts, but were looking to recoup part of the losses they incurred, which equalled up to 70% of their contract values.

Last month, local press reported that state power distribution companies had begun making payments to an unspecified number of power firms as compensation for losses incurred due to the currency flotation.

Unnamed ministry sources said at the time that the amounts were determined based on contract values, with several firms compensated by 10-30%.

They also said that some cable providers had been paid EGP7-10m each.

The firms that provided the payments reportedly included:

- Middle Egypt Electricity Distribution Company (MEEDC)
- Upper Egypt Electricity Distribution Company (UEEDC)
- South Delta Electricity Distribution Company (SDEDC)

The sources expected that the total compensations bill would reach EGP500m, which would be paid by distribution companies for valid contracts that were concluded before the flotation.

In May, local press reported that thirty power firms had submitted official requests to the Ministry of Electricity to obtain partial compensation for losses they incurred as a result of the currency flotation.

These were said to include ABB, Egemac, International Cables Company, and Giza Cables Industries.

Local press further said that the companies had already addressed the EEHC in January, but were asked to resubmit their requests for cabinet approval.

On 3 November, the Central Bank of Egypt allowed the Egyptian Pound to depreciate to an initial starting point of EGP13 against the US dollar, and to subsequently allow the market to determine its value.

Today it is valued at around EGP17.9 against the US dollar.

NREA 'to issue 200MW wind farm tender'

The New and Renewable Authority (NREA) is reportedly planning to issue a tender in August for building a 200MW wind farm, an unnamed NREA source told *Al Borsa*.

According to the source, the terms of reference for the tender will be ready in three weeks, with the project to be carried out on an EPC + Finance basis.

He did not provide any further information on the project.

In April, the electricity ministry reportedly pushed back tendering any new wind projects, with discussions still said to be ongoing with firms including Siemens, GE and Vestas over their wind project proposals.

Unnamed sources said at that time that the ministry would not issue any more wind tenders this year, particularly because it was "nearing" the finalisation of a contract for the 250MW Toyota-Engie-Orascom BOO project, which is running far behind initial schedules.

The sources said that negotiations were ongoing with Siemens, GE and Vestas over the power purchase price for future wind projects, which they said would be no higher than 4.06 US cents per kWh.

In November, electricity minister Mohamed Shaker said that large-scale wind farm projects proposed by GE and Vestas would go through a tender process, with the most competitive offer to be selected.

It was not clear when the tender would be issued.

Both firms had already proposed 2GW and 2.2GW projects respectively, and were aiming to sign direct contracts for the schemes.

Vestas had proposed some 2.2GW of capacity to be phased in over five years, initially with a 250MW plant in the West Nile area.

Another 200-250MW wind farm at the Gulf of Suez is currently being tendered, with construction work reportedly expected to start next year.

Sohag East substation bidders 'revealed'

Six companies and consortiums have reportedly submitted their bids for the Sohag East substation tender, an unnamed source from the Egyptian Electricity Transmission Company (EETC) told *Power News*.

The lowest bidder was reportedly a consortium including China's Shandong Taikai Power Engineering, China's New Northeast Electric Group High Voltage Switchgear Company (NHVS), and Kuwait's Kharafi National.

The Sohag East substation has a capacity of 500/220/66/22kV.

A tender for the project was issued in May, with a deadline of 3 July.

EETC issues telecommunications tender for 6th October substation

The Egyptian Electricity Transmission Company (EETC) recently issued a tender to supply a telecommunications system for a 500/220kV gas-insulated substation (GIS) in 6th of October City.

The tender deadline is 29 August.

More details can be viewed in our Tenders section, available for Premium Subscribers.

According to the tender, the EETC has requested funding for the project from the European Investment Bank (EIB), the EU, the Agence Francaise de Developpement (AFD), and KfW.

The EETC previously issued a separate tender for the design, manufacturing, testing, site delivery, civil works, and operation of the same substation.

The deadline for that tender was 9 February and the project was to be funded by the same European organisations.

No further information is publicly available on the 6th of October substation.

In March, it was reported that the EETC had decided to issue a tender for building four substations worth \$250m total.

Unnamed sources told local press that the EETC would fund the projects internally.

Those substations were reportedly located in New Capital City, Kafr el-Sheikh, Qena, and Zagazig.

NDEDC issues power supplies tenders

The North Delta Electricity Distribution Company (NDEDC) has recently issued several tenders for various power supplies, including copper and aluminium cables, power kiosks, transformers, and connectors.

Deadlines range from 15-31 July, with the terms of reference priced from EGP600-20,000.

More information about the tenders can be viewed by Premium Subscribers in our Tenders section.

Yesterday, it was reported that NDEDC was considering requests from ten power firms seeking compensation for losses they incurred as a result of the currency flotation.

NDEDC chairman Ibtehal al-Shafei told local press that a committee has been formed to review valid contracts that were made before the flotation, while negotiations were ongoing with firms that supplied cables, transformers, switchboards, and other electrical supplies.

She added that the firms had asked to be compensated by 40% of their contract values.

However, the firms subsequently agreed to a maximum compensation rate of 30%, as determined by the Egyptian Electricity Holding Company (EEHC).

NDEDC was established in 2002 and is responsible for distributing and selling power in the governorates of Daqahliya, Damietta, and Kafr el-Sheikh, serving 3.8 million customers.

Decree allocates 2,400 meters of land for power distributor

The Official Gazette published on 1 July a presidential decree to allocate 2,400 meters of land in Minya to the Egyptian Electricity Holding Company (EEHC) for building a power distributor.

The decree was No. 1275 of 2017.

It specified that the land would be provided at a nominal rent for thirty years.

No further information was provided.

Matrouh power network upgrades completed

Matrouh governorate has finished upgrades to its power network worth EGP930m, the region's governor Alaa Abou Zeid said at a 30 June event.

According to *Al Borsa*, Abou Zeid added that the upgrades were carried out over a period of two years and four months.

He said that all cities in the governorate are now connected to the grid.

In February, the Ministry of Electricity reportedly approved building five substations in al-Negila area of Marsa Matrouh to meet the governorate's growing power needs.

Abou Zeid told local press at that time that three generators had been added to the power network in the city.

He added that a new site had been allocated for the planned EGP25m substation in East Matrouh, which was to be completed by this summer to meet higher seasonal demand.

It is not clear whether this project has since been finished.

In January, the Ministry of Electricity approved a plan to increase the capacity of the Matrouh thermal power plant from 60MW to 100MW.

In May, the electricity ministry allocated EGP7bn for upgrading transmission infrastructure in FY2017/18, according to Vice Chairman for Transmission and Distribution at the Egyptian Electricity Holding Company (EEHC) Al-Hussainy El-Far.

El-Far said at that time that the ministry would focus on modernising networks and installing automated control centres and smart meters.

The electricity ministry aims to upgrade transmission infrastructure projects over the next two years, in order to accommodate additional capacity expected from traditional and renewable energy sources.

OIL, GAS, FUEL AND PETROCHEMICALS

New fuel prices announced

The government increased fuel prices dramatically last week, with gasoline and diesel prices up by 55%, to EGP3.65 per litre from EGP2.35, according to a 29 June cabinet statement.

The price of LPG cylinders doubled, increasing to EGP30 from EGP15 in FY2016/17, while the price of 92 octane gasoline rose by 43%, up to EGP5 per litre from EGP3.5.

The statement listed the new prices as follows:

New fuel prices		
Product	FY2016/17 (EGP)	FY2017/18 (EGP)
80 octane	2.35 per litre	3.65 per litre
92 octane	3.5 per litre	5 per litre
Diesel	2.35 per litre	3.65 per litre
LPG	15 per cylinder	30 per cylinder

Petroleum minister Tarek el-Molla said that, despite the sharp increase in LPG prices, the government is still subsidising EGP85 per cylinder, with the total cost of each cylinder at EGP115.

In an interview with Lamees al-Hadidi on CBC, el-Molla added that the subsidies on 95 octane gasoline have now been completely lifted, with the price increasing by 5.6%, up from EGP6.25 to EGP6.6.

El-Molla listed the new subsidy percentages for each product, compared to FY2016/17, as per the table overleaf.

In a separate report, Egyptian General Petroleum Corporation (EGPC) Chairman Abed Ezz el-Regal told *Al Mal* that the price of fuel supplied to the industrial sector has not changed.

He added that the price of fuel oil supplied to cement factories has been increased to EGP3,500 per tonne, up from EGP2,500 per tonne.

New subsidy ratios		
Product	FY2016/17 (EGP)	FY2017/18 (EGP)
80 octane gasoline	54%	28%
92 octane gasoline	46%	23%
Diesel	59%	37%
LPG	87%	74%
95 octane gasoline	5%	0%

According to another *Al Mal* report, Petrogas Chairman Adel el-Showeikh said that the price of LPG cylinders for commercial use doubled from EGP30 to EGP60.

There have been a series of reports over the last few months on what the new prices might be and when they might be imposed.

Last month, Prime Minister Sherif Ismail said in a cabinet statement that fuel subsidies were expected to be EGP145bn.

The above figure was much higher than that listed in the FY2017/18 draft budget recently released by the Ministry of Finance.

According to the draft budget, fuel subsidies would be set at EGP110bn.

The government is theoretically committed to reducing spending on subsidies, in line with the \$12bn International Monetary Fund (IMF) loan.

SDX Energy provides operations update

Canada-based SDX Energy said that results at the South Disouq concession were in line with its expectations, following the drilling of the SD-1X exploration well, according to a recent company press release.

The initial results from a recently conducted resources update were as follows:

South Disouq results		
	Gas (bscf)	Condensate (MMbbl)
Gross Contingent	47.1	2.3
Gross Prospective Resources (Best Case)	180.1	8.7

The resources update was prepared by oil and gas consultancy Gaffney, Cline & Associates, in line with Canadian NI-51-101 reporting designations.

SDX added that "the Gross Prospective Resources as reported above have now been significantly de-risked as a result of the SD-1X discovery."

"Furthermore, given the encouraging results noted in the deeper oil prone Cretaceous horizon encountered in SD- 1X, where a working petroleum system was encountered, the Company is planning to further test this horizon during the development program planned for the SD-1X discovery,"

The firm added that it is in talks with Egyptian authorities to begin production at the field through an early production system (EPS).

"During Q3 we intend to update our shareholders on a start-up date for our EPS system in South Disouq," said President and CEO Paul Welch.

Initial development of the SD-1X well will connect the field to a nearby domestic gas distribution system, enabling early cash flow and quick connection of any subsequent wells and discoveries.

SDX also said that the workover program at the North West Gemsa concession is set to start this month.

The workover will include ESP installation and maintenance of production and water injection wells, in order to maintain the field target rate of 5,000 boepd during the year.

The firm recently carried out a technical review at the concession to "determine how best to extend the economic field life through optimising field operations whilst continuing to focus on operating cost reductions."

SDX also said that it has finished the fluid treating facility upgrade at the Meseda concession, which included the installation of a two-phase separator and doubled the field's gross treating capacity.

The firm added that it is tendering for the supply of Electrical Submersible Pumps (ESPs) for the planned workovers at the field.

In May, SDX Energy started well test operations at its SD-1X well in South Disouq concession, according to a statement.

SDX added that it drilled the SD-1X well to a total depth of 7,777 feet, finding 82 feet of net pay with 25% average porosity in the Abu-Madi section.

Earlier that month, SDX announced that it had drilled to the second target depth at the SD-1X well - a depth of 11,068 feet - but did not make a commercial discovery.

Also in May, SDX released its quarterly results, announcing that it produced 1,904 barrels of oil equivalent per day (boepd) from the North West Gemsa concession and 646 barrels per day (bpd) from the Meseda concession in Q1 2017.

In April, SDX said it had found gas at the SD-1X well in its South Disouq concession, with discoveries "in line with pre-drill estimates".

SDX, which now focuses on Egypt and Morocco after exiting Cameroon, has interests in South Disouq (55%), NW Gemsa (10%), Meseda (50%), and the South Ramadan concession (12.75%).

Petrobel awards ADES offshore drilling contract

ADES International Holding has won a contract from the Belayim Petroleum Company (Petrobel) to carry out offshore drilling at Petrobel's concessions in the Gulf of Suez, according to a company press release.

The drilling will be carried out over three months by the ADES offshore jack-up drill rig ADMARINE 88.

After this three-month period, the agreement may be extended well-by-well.

The statement added that Petrobel renewed a recently expired contract with ADES for the use of the ADMARINE V offshore jack-up drill rig over six months "on a call out basis" at its Gulf of Suez concessions.

That contract allows for the option of a six-month extension.



In April, ADES reportedly set an indicative price range of \$16.50-19.50 per share for its planned listing on the London Stock Exchange.

It was previously reported that the firm was aiming to raise \$170m from the IPO.

The listing is thought to be planned for Q2 2017, although an exact date has not been confirmed.

ADES, founded in 1997, is an integrated Egyptian petroleum services firm, with branches in Algeria, UAE, and Saudi Arabia.

In May, Petrobel finished drilling the Nidoco West-4 development well in the Nooros field.

The well has entered production at a rate of 175 million cubic feet (mcf) of gas and 1,400 barrels of condensates per day, pushing total production at Nooros to over 1,066 mcf of gas.

Petrobel is the joint venture operating company between IEOC, the Egyptian subsidiary of Italy's Eni, and the Egyptian General Petroleum Corporation (EGPC).

AMOC sales double y-o-y

The Alexandria Mineral Oils Company (AMOC) posted EGP6.6bn in sales for the first nine months of FY 2016/17, according to the firm's unaudited financial results.

Sales increased by 106% compared to EGP3.2bn posted during the same period the previous fiscal year.

Total profits rose by 165% y-o-y during the same period, increasing to EGP886m from EGP335m.

Net profits after tax were EGP853m in 9M FY 2016/17, up from EGP280m during the same period the previous fiscal year.

Some of the growth is likely attributable to the currency flotation in November, which has inflated the EGP earnings of companies that have export operations.

In February, AMOC chairman Amr Mostafa said that the firm aimed to list 10% of its shares at the London Stock Exchange in the form of GDRs, in addition to issuing shares on the Cairo bourse.

According to that report, Al Ahly Capital would be handling the London GDRs.

Last month it was reported that AMOC had selected US-based BNY Mellon to advise on listing and promoting its Global Depositary Receipts (GDRs).

In January, Mostafa said that the government was still considering whether to list 10% or 20% of AMOC by the end of the first half, or the beginning of the second half of 2017.

Some 20% of the company was listed on the bourse in 2004.

AMOC, established in 1997, is a state-controlled petrochemicals firm producing mineral, basic and neutral oils, paraffin candles, fuel oil and naphtha.

The firm owns a 500,000 sq m site near Alexandria, comprised of a lube and special oils complex, as well as a gas oil complex.

Details reported on North Om Baraka agreement

The North Om Baraka exploration agreement between Shell and the Egyptian General Petroleum Corporation (EGPC) will reportedly run over seven years, according to an unsourced report from *Power News*.

Shell won the concession as part of the 11-block tender issued by the petroleum ministry last year.

The firm's approved offer involved \$35.5m of minimum spending for drilling seven wells, in addition to a signing bonus worth \$18m.

According to the recent report, the first exploration phase will involve drilling five wells over four years, at a minimum cost of \$28m.

The second phase will reportedly involve drilling two wells over three years, with spending of at least \$7.5m.

The EGPC's profit share will range from 77-86%, depending on the production rate and international crude price.

Additionally, the production bonus has reportedly been set at \$500,000, but this amount could rise to \$2.5m depending on volumes.

In June, local press reported that Shell was awaiting parliamentary approval for the North Om Baraka exploration agreement.

An unnamed company source said at the time that work would begin as soon as the agreement was given the green light.

No further details were provided on the timeline involved.

In May, Egypt's cabinet approved six exploration agreements between the EGPC and international oil companies, according to an official statement.

The winners of the tender included Apache, Apex and Shell, with agreements involving the North Om Baraka concession as well as the following areas:

- North West al-Razaq
- South Alam el-Shaweish
- West Badr El-din
- South-East Maleeha
- Fayoum

In October, an unnamed EGPC source told local press that Shell and BP had bid for three areas offered in the tender, adding that Shell had submitted an offer for two concessions in the Western Desert and BP for one area in the Gulf of Suez.

Details reported on Apache agreement

The South Alam el-Shaweish exploration agreement between Apache and the Egyptian General Petroleum Corporation (EGPC) will reportedly be carried out over seven years, according to an unsourced report from *Power News*.

Apache won the exploration agreement as part of the 11-block tender issued by the petroleum ministry last year.

The agreement involves drilling four wells, with a cost of at least \$12m and a signing bonus of \$10m.

According to the recent report, the first exploration phase will involve drilling two wells over three years, with spending of at least \$7m.

The second phase will reportedly involve drilling one well over two years, at a cost of at least \$2.5m.

The third phase is also said to involve drilling one well over two years for \$2.5m.

The EGPC's profit oil share will range from 77-85%, depending on the production rate and international crude price.

The production bonus has reportedly been set at \$500,000, but this amount may rise to \$4m depending on the rate of production.

In May, Egypt's cabinet approved six exploration agreements between the EGPC and international oil companies, according to an official statement. The winners of the tender included Apache, Apex and Shell, with agreements involving the South Alam el-Shaweish concession as well as the following areas:

- North West al-Razaq
- North Om Baraka
- West Badr El-din
- South-East Maleeha
- Fayoum

Apache is a US-based exploration and production company with significant acreage in Western Desert and other areas.

In February, Apache said that it was planning \$900m of total capital investment in Egypt and the North Sea in 2017, up from \$300m spent last year, according to its full 2016 financial and operational results.

Gas production up in April

Natural gas production increased by 30% on a yearly basis in April, up to 3 million tonnes from 2.4 million tonnes during the same period of 2016, according to the most recent CAPMAS figures.

Production rose by 11% on a monthly basis, up from 2.8 million tonnes in March.

Consumption increased by 17% y-o-y in March, up to 3.3 million tonnes compared to 2.8 million tonnes in April 2016.

It also rose by 3% on a monthly basis, up from 3.2 million tonnes in March.

Rising production has prompted the Egyptian Natural Gas Holding Company (EGAS) to scale back future LNG import schedules.

It was said to be in negotiations with a number of suppliers to defer dozens of cargoes that were contracted for this year.

Egypt has reportedly already deferred around 10 shipments this year.

Negotiations on scaling back or deferring LNG orders are thought to have been taking place for several months.

Domestic production has risen more quickly than expected this year, with a number of new offshore fields likely to come online earlier than projected later in 2017.

These include BP's North Alexandria project, which started producing in May, and Eni's Zohr field.

Natural gas data		
Date	Production	Consumption
Apr-16	2,429	2,859
Mar-17	2,849	3,249
Apr-17	3,164	3,345

AMOC targets EGP10.3bn in revenues for FY2017/18

The Alexandria Mineral Oils Company (AMOC) is targeting EGP10.3bn in revenues during FY2017/18, up from EGP7.6bn during the past fiscal year, according to an EGX statement released by the firm last week.

Net revenues are expected to be EGP1.9bn this fiscal year, compared to EGP1.5bn in FY2016/17.

The firm is aiming to post EGP575m in net profits after tax this year, down from EGP652m during the past fiscal year.

AMOC listed expected fiscal year revenues by product as follows:

- Diesel - EGP2.1bn
- Naphtha - EGP445m
- LPG - EGP178m

The firm added in the statement that it contracted with Azeri state energy firm SOCAR to export 3,000 tonnes of fuel oil to Egypt in June.

The average price for the exported fuel oil (3.5% sulfur) was expected to be \$1.8 per tonne.

SOCAR's trading arm currently exports crude oil and refined petroleum products to Egypt.

AMOC reported EGP6.6bn in sales for the first nine months of FY2016/17, according to unaudited financial results released in April.

Sales increased by 106% compared to EGP3.2bn posted during the same period the previous fiscal year.

Total profits rose by 165% y-o-y during the same period, increasing to EGP886m from EGP335m.

Net profits after tax were EGP853m in 9M FY2016/17, up from EGP280m during the same period the previous fiscal year.

Some of the growth was likely attributable to the currency flotation in November, which has inflated the EGP earnings of companies that have export operations.

AMOC, established in 1997, is a state-controlled petrochemicals firm producing mineral, basic and neutral oils, paraffin candles, fuel oil and naphtha.

The firm owns a 500,000 sq m site near Alexandria, comprised of a lube and special oils complex, as well as a gas oil complex.

Maridive net profits up in Q1

Stock market-listed Maridive and Oil Services posted \$2.1m in net profits in Q1 2017, up by 31.6% y-o-y, compared to \$1.6m during the same period of 2016, according to an EGX statement released by the firm.

Based on the firm's standalone results, revenues fell by 25% y-o-y, down to \$20.5m from \$27m in Q1 2016.

No further information was provided in the statement.

In April, the company announced its yearly results, posting \$276m in consolidated revenues for 2016, down by 21% y-o-y compared to \$350m in 2015.

Consolidated profits were \$21m in 2016, compared to \$23.4m in losses the previous year.

In March, Maridive signed a contract to rent out five offshore support vessels to the Gulf of Suez Petroleum Company (GUPCO), according to Chairman Ezzat el-Sayed.

El-Sayed did not provide any further details on the locations or proposed usage of the vessels.

In August, Maridive said that its profits soared 145% in Q2 2016, up to \$5.5m from \$2.3m during the same period of the previous year.

In Q1 2016, Maridive recorded \$3.5m in net profits, compared to \$3.1m y-o-y.

Net profits in H1 2016 were \$9m, an increase from \$5.3m in H1 2015.

Established in 1978, Maridive provides offshore marine and oil support services to exploration and production companies, including maintenance, construction, salvaging, transport, and material supply.

Maridive is owned by US-based Muchowich Offshore Oil Services Inc. (21.8%), EFG Hermes (3.6%), the Commercial International Bank (3%), and its board of directors (29.3%).

Mediterra Energy raises production rate at Sinai fields

Mediterra Energy Corporation (MEC) has raised production rates at the Sudr, Asl, and Matarma fields to 1,400 barrels of oil equivalent per day (boepd) total, up from 1,200 boepd, according to a petroleum ministry statement.

It was not clear from the statement over what period this increase had occurred.

Seismic survey studies are currently being carried out at the fields, which are located in Sinai, with positive preliminary results, said the statement.

The statement added that, following completion of the studies, production is expected to increase by 600-800 boepd.

No details were provided on when the studies might be concluded.

The statement added that maintenance works are planned to be carried out at a total of 24 wells over two phases.

It was not clear when these works would take place.

MEC holds 100% of the operated working interest at the three fields, which are owned by the General Petroleum Company (GPC).

MEC agreed with GPC in July 2016 to operate the fields and increase their production rates over a period of ten years.

In the first three years, the firm will conduct 3D seismic survey studies over a total area of 130 km, drill four development wells and two exploration wells, as well as carry out maintenance works at 16 existing wells.

In January, GPC chairman Taher el-Zefzaf said that the firm was planning to drill 18 exploration and development wells in FY2017/18.

He added at the time that company was also aiming to upgrade its infrastructure and production facilities.

He did not specify the potential cost of undertaking these plans or provide any further details.

Established in 1957, state-owned GPC is an E&P firm with concession areas in the Eastern Desert, Gulf of Suez, Western Desert and Sinai.

MEC is Canada-based upstream company that also operates the Komombo concession in southern Egypt.

ANRPC CCR platforming units now 79% complete

The Alexandria National Refining and Petrochemicals Company's (ANRPC) two CCR platforming units are 79% complete, according to a petroleum ministry statement.

No further details were provided.

In January, ANRPC head Khaled Khalifa said that the \$233m project aims to increase ANRPC's production of high-octane gasoline by 850,000 tonnes per year.

Khalifa said that state-owned contractors ENPPI and Petrojet were working on the project, which will begin operations by mid-2018.

He added at that time that ANRPC was preparing to work on a project to build a \$176m ammonia unit for fertiliser manufacturing.

Khalifa said the unit would produce 160,000 tonnes of ammonia per year.

Minister of Petroleum Tarek el-Molla said in the same statement that the ministry was planning to boost the capacity of Egyptian refineries to 41 million tonnes per year.

In June, the National Bank of Egypt (NBE) finalised an EGP2bn loan to ANRPC to fund the two CCR platforming units.

ANRPC revenues in FY 2015/16 were EGP4.7bn, down 24% from the EGP6.2bn achieved in FY 2014/15.

In the past fiscal year, ANRPC exported around 238,000 tonnes of heavy naphtha, valued at approximately \$93.5m, and is currently working to raise production capacity in order to meet part of local demand for gasoline and LPG.

ANRPC, established in 1999, builds, manages, and operates refining and manufacturing units to produce various petroleum and petrochemicals products.

Enppi to list 'in two months', 'four law firms' bid to advise

Prime Minister Sherif Ismail announced at a press conference that Engineering for the Petroleum and Process Industries (Enppi) will list its shares on the Cairo bourse in two months.

Previously, an adviser working on the float had said that Enppi would complete its listing of 24% of its shares in six to nine months, indicating that the timeframe has been moved up.

According to a separate *Al Borsa* report, several law firms are bidding to provide legal consultation for the planned listing.

Unnamed sources said that these firms include Baker McKenzie, Matouk Bassiouny, Zulficar & Partners, and Zaki Hashem & Partners.

The sources added that several banks are competing to manage the IPO, including a consortium between Arqaam Capital and Deutsche Bank, as well as the Bank of Alexandria.

The winning bank or consortium is expected to be announced later this month, said the sources.

Previously, it had been reported that three banks were planning to bid for the work: CI Capital, Beltone Financial, and Arqaam Capital.

Head of Investment Banking at Beltone, Mohamed Al Akhdar, confirmed at that time that his firm would submit a bid.

In May, Ashraf Ghazaly, CEO of NI Capital, said that his firm, which is advising on the float, was planning to choose a consultant to manage the IPO in four to six weeks.

In March, Enppi received the green light to list its shares on the bourse, according to a petroleum ministry statement.

Chairman Mohamed Hathout said that the company would work with NI Capital to value the offering.

According to the statement, Enppi signed EGP4.2bn in contracts in 2016 to carry out 62 projects.

Established in 1978, state-controlled energy and power contractor Enppi is 97%-owned by the EGPC and employs some 2,300 people.

It is a major engineering, procurement, and construction management contractor, with experience in onshore and offshore oil and gas, refining, and petrochemical industries.

Butane imports down in April

Butane imports fell by around 28% on a monthly basis in April, down to 200,700 tonnes from 278,700 tonnes in March, according to the latest data released by CAPMAS.

On a yearly basis, imports fell by 8%, down from 218,500 tonnes in April 2016.

Consumption dropped by 8% in April compared to March, falling to 356,500 tonnes from 387,900 tonnes.

Consumption increased by 2% y-o-y, up from 349,500 tonnes in April 2016.

Production rose by around 3.7% on a monthly basis, up to 158,700 tonnes in April from 153,100 tonnes in March.

On a yearly basis, production increased by 5.5%, up from 150,400 tonnes in April 2016.

Butane data		
Date	Production	Consumption
Apr-16	150.4	349.5
Mar-17	153.1	387.9
Apr-17	158.7	356.5

LPG distribution in Egypt is relatively fragmented and disorganized, one of several factors prompting the government to push towards expanding the mains gas network.

Egypt is estimated to produce around 50% of its LPG needs domestically, with the remainder imported.

On 29 June, the government increased fuel prices dramatically, doubling the price of LPG cylinders to EGP30, up from EGP15 in FY2016/17.

Petroleum minister Tarek el-Molla said that, despite the sharp increase in LPG prices, the government is still subsidising EGP85 per cylinder, with the total cost of each cylinder at EGP115.

DEA 'to hand over' Ras Fanar block to EGPC

Germany's DEA Group will reportedly hand over the Ras Fanar offshore block to the Egyptian General Petroleum Corporation (EGPC) on 17 July, an unnamed source from the Suez Oil Company (SUCO) told *Power News*.

DEA reportedly refused to sign the new fiscal year budget for the block, and had previously refused to pay rent and operational costs.

The group had requested that the EGPC pay back outstanding dues, said the source.

However, he did not specify whether the EGPC had made any payments to DEA.

In July 2016, DEA was reportedly owed \$400m. It is not clear how much the firm is owed at present.

According to the recent report, DEA had also incurred financial losses from operating the field, after production fell to 1,000 barrels per day (bpd).

In July 2016, DEA reportedly decided not to renew its contracts for the Ras Budran, Gabal al-Zayt and Ras Fanar concessions as receivables owed by Egypt continued to increase.

The three blocks, located in the Gulf of Suez, were operated by SUCO, a joint venture between DEA and the EGPC.

The current agreements are thought to end this month.

It was not clear from the recent report whether DEA would renew its contracts for the Ras Budran and Gabal al-Zayt concessions.

DEA has been active in Egypt since 1974 and has E&P interests in 12 concessions across Gulf of Suez and Nile Delta.

In addition to SUCO, its other interests are the Disouq gas project in Nile Delta and a stake in the West Nile Delta (WND) project, which is led by BP.

As of June, Egypt's outstanding receivables to foreign oil and gas companies had been reduced to \$2.3bn, with the petroleum ministry having paid some \$2.2bn the month previously.

These figures indicate that the total figure owed had reached \$4.5bn, higher than the \$3.5bn reported as of end-December.

Also in June, the CBE paid a further \$750m of its outstanding receivables to foreign oil and gas companies, bringing total payments to \$1.5bn for May and June.

It was not clear from the recent statement when the additional \$700m payment had been made, or to whom.

The payments come against the background of much healthier overall foreign reserves in the CBE, which stood at \$31.1bn at the end of May, compared to \$17.5bn in May 2016.

El-Molla meets Vegas Oil and Gas CEO

Petroleum minister Tarek el-Molla met Vegas Oil and Gas CEO David Evans, along with other company representatives, to discuss plans for the firm's East Lagia block, located in Sinai.

According to a petroleum ministry statement, Vegas is planning to carry out a 2D seismic survey over 500 sq km at the block, as well as field and geochemical studies.

The meeting also covered the possibility of the firm increasing its Egypt spending.

Vegas is an oil and gas exploration and development firm operating in Egypt.

Its previous assets included the North West Gemsa, Alam El Shawish West, East Ghazalat, East Alamein, and West Obayed fields.

EGX Updates (Maridive, MCI, ELMACO, and others)

- Maridive and Oil Services released a statement providing reasons for its delay in releasing consolidated financial statements for Q1 2017.
- Misr Chemical Industries issued a statement providing updated company information.
- El Nasr Transformers and Electrical Products (ELMACO) released a statement on its recent Board of Directors meeting and shareholder structure for the period ended 30 June.

- Qalaa Holdings released the minutes from its 15 June annual general meeting.
- National Drilling Company (NDRL) issued two statements on its 24 June ordinary and extraordinary general meetings.
- Maridive and Oil Services released a statement on its 22 June Board of Directors meeting and the audit committee report for the period ended 31 June.

CALENDAR



Egypt Downstream Summit & Exhibition, 2017
25-27 September, Cairo
www.egypt.wraconferences.com



Electricx, 2017
03-05 December, Cairo
www.electricxegypt.com



Solar-Tec, 2017
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