

Egypt mulls licensing round to cover western parts of Mediterranean waters



London – Egypt is looking at launching a new license round for blocks in the western parts of Egypt’s Mediterranean waters following on from two other recent exploration rounds, a source at state-owned Egyptian Natural Gas Holding Company (EGAS) said Thursday.

Egypt has had significant success in recent years with major gas discoveries, including the supergiant 30 Tcf (850 Bcm) Zohr find and a string of other finds both on- and offshore.

In February, BP, Eni, ExxonMobil and Shell were among companies awarded blocks in a wide-reaching exploration round covering a number of East Mediterranean offshore blocks and some onshore zones.

A round was also launched in March for 10 blocks in Egypt's sector of the Red Sea.

Some 11 blocks were also now expected to be put up for auction in western parts of offshore Egypt's Mediterranean waters, with reports that the round could be launched by the end of 2019 or the start of next year.

"The decision has not been announced yet about the timing, or the offer," a source at EGAS said Thursday. "We are just thinking about it."

Egypt has offered attractive terms to companies looking for a share of the country's vast resources.

Self-sufficiency

Zohr – and additional Egyptian gas field start-ups – made the country self-sufficient in gas last September and Egypt has since become an exporter of gas once again, having been forced to import LNG for several years to meet domestic demand.

Its gas production rose to some 58 Bcm in 2018, according to estimates from BP and the International Energy Agency, its highest level since 2012.

The oil ministry has said it expected production to increase to some 80 Bcm/year in 2020.

Zohr alone could produce at as much as 3.2 Bcf/d (the equivalent of 91 million cu m/d, or 33.2 Bcm/year) in the coming years.

Despite the optimism, the IEA said earlier this month it expected Egyptian gas output to peak at 77 Bcm by 2024 at an annual growth rate of around 4.8%.

The IEA also said it expected the policy of prioritizing domestic use will remain in force for the foreseeable future and that Egypt's exports will remain at a maximum of 4

Bcm/year.

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