



Hesham MEKAWI

As the country's largest single foreign investor, BP is a crucial part of Egypt's oil and gas business. During its 44-year presence, BP has invested more than 15 billion US dollars and produced over 40 percent of the country's oil.

The Oil & Gas Year: *Over the last eight years of your tenure at BP Egypt the domestic oil industry has changed immeasurably. With increasingly smaller discoveries and declining production, how much faith do you have in the industry's future?*

Hesham Mekawi: Over the last eight years many changes have taken place in the industry and at our business.

BP started in the Gulf of Suez and the Western Desert during the 1960s. It is therefore a mature company and sustaining our oil business remains key to our strategy in Egypt. To achieve this requires substantial investment to maximise oil recovery and bring in new reserves. We are investing in the integrity of our infrastructure to make it reliable and safe to operate for many years to come. Secondly, while we probably will not find new discoveries of the kind we used to find in the 1960s and 1970s, there will still be large, commercially viable finds in the future.

Our oil strategy is to continue to sustain our current levels of production. Firstly, we will continue using advanced technology and improved reservoir management to optimise oil recovery from our mature basins. Secondly, we aim to upgrade our existing facilities and infrastructure, making them safer and more reliable for the future. Thirdly, we will continue our exploration activities, bringing on-line new discoveries to maintain our existing production profile for years to come.

TOGY: *While there are doubts over Egypt's oil producing future, gas exploration has increased dramatically. What is your assessment of Egypt's gas future?*

HM: For gas, I would say there are two chapters. Phase one is the shallow Pliocene gas that was mainly discovered in the 1990s. It came mostly from a series of discoveries in the eastern and middle parts of the Nile Delta and forms the core of what is being produced now.

Path of leadership

TOGY talks to

**Hesham MEKAWI, Chairman
BP EGYPT**

Phase two is what we call deep gas discoveries; technologically challenging, high-pressure, high-temperature discoveries. This new era marks a brave new stage of gas exploration in Egypt. BP started this era four to five years ago with our Raven discovery in the West Nile Delta. In 2008 we made the deepest discovery in Egypt and one of the biggest discoveries in the world at Satis. With our partners we intend to build these assets into a West Nile Delta hub.

"BP plans to continue to play a key role in the development of the Egyptian energy sector. We will keep investing in developing current resources, finding new resources, and utilising cutting-edge technology."

TOGY: *Aside from your high-profile deep offshore work, BP maintains significant gas assets. How are they performing?*

HM: BP Egypt and partners currently produce almost 1.5 billion cubic feet per day, meeting 40 percent of Egypt's total domestic gas demand. BP is working closely with its partners to bring more gas supplies to the domestic market as quickly as possible. Some of it will come on-stream by the end of this year. However, the majority of the influx will be in 2010/11.

As our existing assets are in shallow water and are linked to the infrastructure we already have in place in the East Nile Delta. This short-term increase will come from the development of these pre-existing assets.

TOGY: *With record-breaking discoveries at Raven and Satis, what are the current objectives and fu-*



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ture aims for the development of BP's deep offshore programme?

HM: Our two high-pressure, high-temperature gas discoveries fall into a category I like to call "internationally strategic mega-projects." These projects will require investments worth 12 to 15 billion US dollars. They are set to provide around 10 trillion cubic feet of natural gas to meet the future growth of Egypt's gas demand.

For these projects, we are applying cutting-edge technologies used for the first time in Egypt. These technologies require a lot of investment, technical capabilities and know-how. Due to the complexity, scale and financial risks involved, we are investing a considerable amount of time and effort in our partners to make sure that we get the primary infrastructure right. Once we establish this, we can execute these crucially important projects in the most efficient way.

For the West Nile Delta project, we are partnered with German exploration company, RWE. Our share is 60 percent and RWE's is 40 percent. For Satis, we are 50/50 partners with ENI, but we have the operatorship on both projects.

TOGY: *In a country like Egypt, corporate social responsibility forms a large part of an oil company's ambassadorial profile. How does BP contribute towards Egypt's future?*

HM: Over the past few years, BP has been focusing on attracting the best talents in the market. To this effect, we have introduced the world-wide BP Challenge programme specifically designed for this. An accelerated development process, it aims to build on-the-job work experience for fresh graduates and young professionals. We bring bright individuals in, train them and develop their skills. In Egypt, the Challenge programme has successfully brought many locals into the oil and gas industry. This is not to say that we only develop talents for BP Egypt; on the contrary, we develop

them for BP as a company. As we speak, we have 32 Egyptians on international assignments in various BP locations around the world. We also have other projects ranging from renovating public schools to supporting local organisations working in the field of education. We also send Egyptian students to pursue their postgraduate studies at Cambridge University and other renowned universities in the UK and USA. So far we have helped 45 qualified students who might not otherwise get the opportunity to pursue their postgraduate studies.

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Crucially, the terms of their scholarships are clear, and the student is bound to come back and work in Egypt for double the time they spent studying in the UK. Through this they are encouraged to accelerate knowledge transfer and help in the country's long-term economic development.

TOGY: *What are your medium- to long-term expectations for BP in Egypt?*

HM: BP plans to continue to play a key role in the development of the Egyptian energy sector. We will keep developing current resources and finding new ones, as well as utilising cutting-edge technology. BP is committed to developing local talent and local capabilities and to play, for many years to come, a leading role in delivering Egypt's vision for growth of its energy sector.