

# **East Med: From LNG importer to LNG exporter?**

**FLNG 2018**

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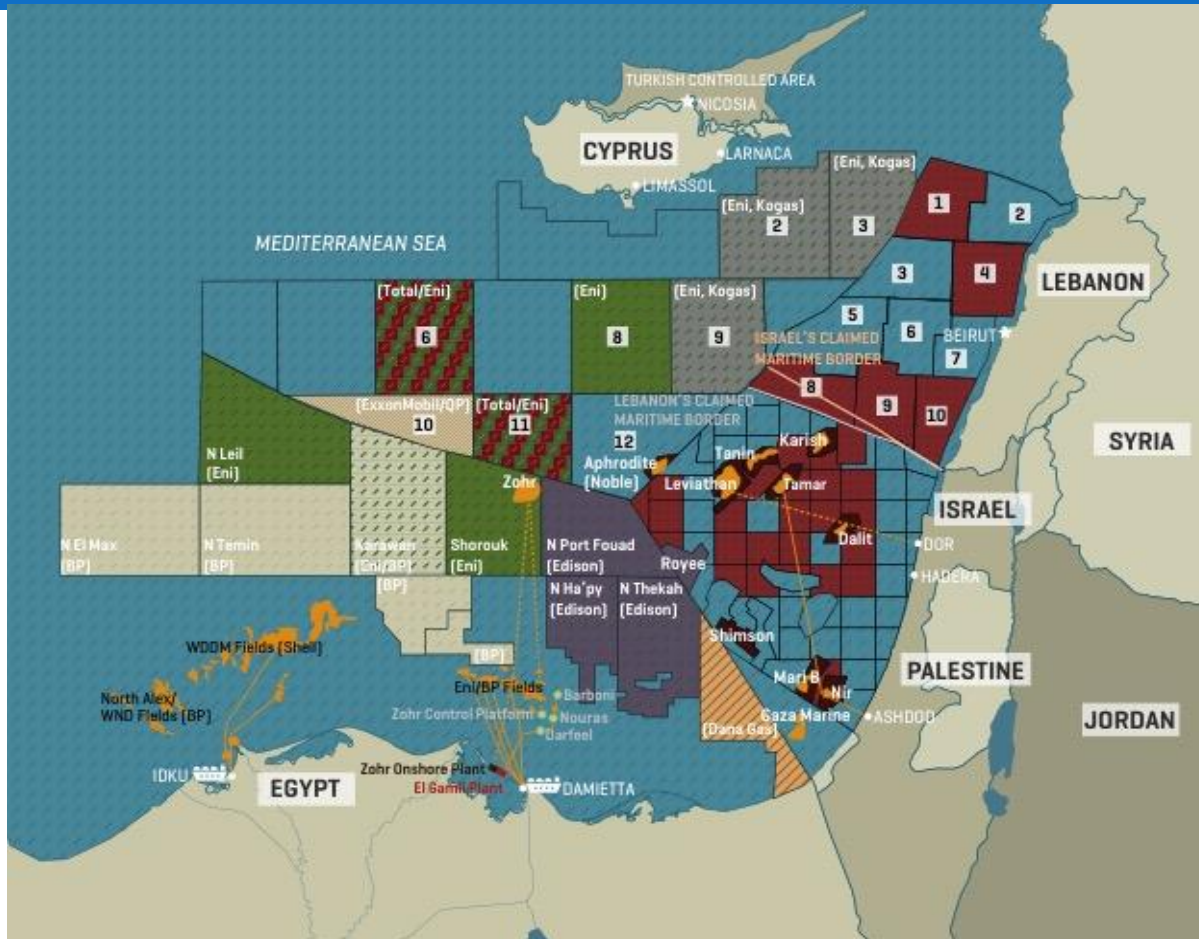
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# Overview

- **Greatest achievement in 2017 was Zohr coming on line**
- **Egypt approved and is implementing new gas laws**
- **Opened the gas sector to private investors**
- **Strategy to liberalise Egypt's economy**
- **Can turn Egypt into a regional gas hub – ideally placed**
- **Opening the way to develop and export East Med gas**
- **Well on the way to become an LNG exporter by 2019**

# Egypt ideally placed to become gas hub



# Impact on Egypt's gas sector

- Zohr on track to achieve 28 to 31 bcm/yr by Q1 2019
- Egypt's gas production will then reach close to 80 bcm/yr, exceeding consumption by over 10 bcm/yr
- Eni, Shell, Edison, and BP announced plans to expand their existing activities
- New licensing rounds

# Egypt's Petroleum Ministry expectations of gas production & consumption (bcm)

Fiscal Year	Production	Consumption	Surplus
2016/2017	46	55	-9
2017/2018	55	61	-6
2018/2019	71	66	+5
2019/2020	81	70	+11

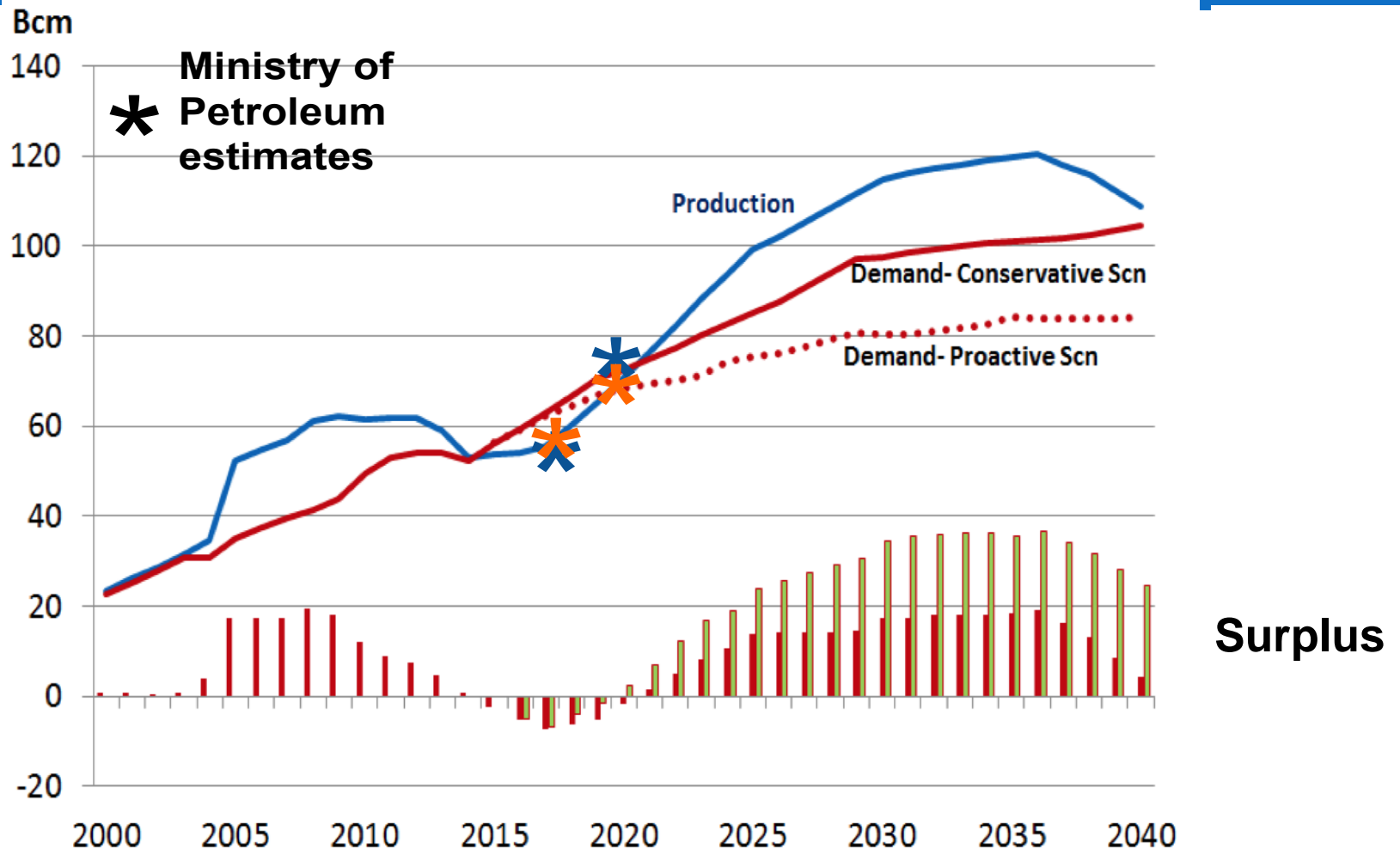


In line with OME data

# Egypt's potential

- Huge future gas potential - yet-to-find gas estimated to be anywhere between 1400 to 4200 bcm
- Based on OME data, production can reach 120 bcm/yr
- Gas surplus and exports could reach 20 bcm/yr by 2025, possibly more
- Will fully utilize Egypt's Idku and Damietta LNG plants with combined capacity of 17.5 bcm/yr
- Priority to resume interrupted LNG supply contracts to Europe
- Strengthening Egypt's case to become the East Med gas hub

# Egypt's gas balance



**Source: OME**

**e-CNHC**

E-C Natural Hydrocarbons Company Ltd



# Impact on Israel and Cyprus gas

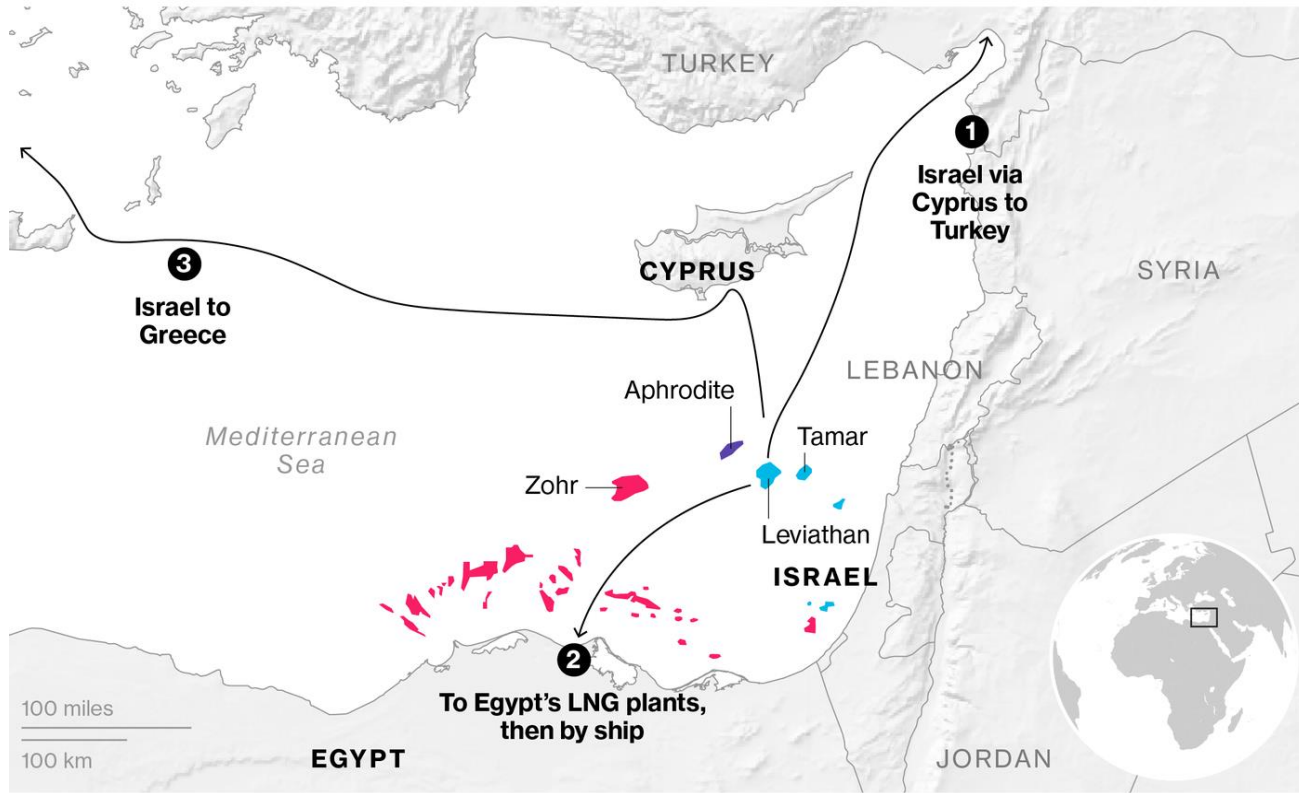
- Deregulation opens the way for gas from Israel and Cyprus
- Private sector companies can import and distribute gas
- Israel in need to secure gas export markets
- Noble and Delek signed agreement to sell 64 bcm over 10 years to private Egyptian company Dolphinus
- But it faces serious challenges before it becomes reality
- Shell in talks to buy 10 bcm/yr over 10 years from Leviathan and Aphrodite for liquefaction at Idku and export
- But global gas prices and politics a challenge
- Success when ExxonMobil drills in block 10 in October can transform Cyprus' fortunes

# Israel's export options

## Routes to Europe

Possible gas pipelines from the East Mediterranean

■ Cyprus field ■ Egypt field ■ Israel field ① Pipeline ordered most to least likely



Bloomberg

e-CNHHC

E-C Natural Hydrocarbons Company Ltd

# Cyprus to import LNG

- Cyprus about to launch tender to import LNG...yet again
- Has secured grant of €101 million from EU
- Infrastructure includes the acquisition of an FSRU, jetty, berthing and mooring equipment, and pipelines
- Two tenders: FSRU/infrastructure – Supply of LNG by 2020
- Issue of tenders scheduled for Q2 2018, making them imminent

# Egypt's potential

- Egypt well on the way to self-sufficiency by 2018 and LNG exports by 2019
- Gas surplus could reach 20 bcm/yr by 2025, fully utilising LNG plant capacity
- Strong case for Egypt to become regional energy hub
- Open and free gas trading can enhance this
- Egypt has the potential to go it alone

# FLNG options

- Increasing need for Israel and Cyprus to export their gas
- Without pipelines, FLNG may be the only option
- Previously considered by Noble for Leviathan and Tamar
- With limited options to export Israel and Cyprus gas, FLNG may return to the table
- FLNG gaining traction in Australia and Asia

# Concluding remarks

- **New gas law and deregulation liberalising Egypt's gas sector**
- **Will open up Egyptian gas market for private investment in trading, storing, selling, and distributing natural gas**
- **Above all, it opens the way for Egypt to become East Med's gas hub, facilitating gas trading and turning it from an LNG importer to an LNG exporter**
- **Gas exports from Israel and Cyprus face political and commercial challenges. FLNG may help overcome these.**