



Ministry of Petroleum



EGAS

EGYPT GAS HUB

EGYPTIAN NATURAL GAS HOLDING COMPANY



ANNUAL REPORT

2017-2018



EGYPTIAN NATURAL GAS HOLDING COMPANY

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ANNUAL REPORT
2017-2018



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CHAIRMAN'S MESSAGE

Energy is the essential platform for economic and social development in Egypt. In this sense, managing the development of energy resources is one of the priorities of sustainable development policies and strategies. Egypt has been granted with diverse energy sources, and perhaps the most important one is petroleum, which is the cornerstone of development. Natural gas in Egypt. So optimizing natural gas utilization came at the top of petroleum sector's priorities, where it represents a main stream of energy and an important source of foreign currency, through utilizing gas usage in petrochemical plants to maximize added value. It is also a foundation for Egypt's national economy to maximize growth rates and goals, improve trade balance and create new job opportunities.

Within the framework of Petroleum Sector Modernization Project, procedures have been taken in order to transform Egypt into a regional Energy Hub for circulating and trading oil and gas. Where Egypt has much potential such as the geographical location, the availability of export and import facilities, ports and well established infrastructure, as well natural gas grid that links between fields & facilities, and consumption centers and ports trade needed for Egypt's transformation into a regional Energy Hub, with various benefits such as maximizing private sector investments and foreign investments, maximizing utilization of existing facilities and liquefaction and regasification units, securing energy demand in the local market, promoting competitiveness in energy markets.

EGAS also involved in building a secure Decision Support System with reliable and precise information, through an integrated Enterprise Resource Planning (ERP) with dataflow between sector companies.

Exploration is the growth milestone for natural gas reserves, where 16 discoveries were achieved during the fiscal year 2017/2018, (14 in Western Desert, 2 in Nile Delta).

EGAS continues to maximize natural gas reserves, attracting more investments and creating new job opportunities, in that spirit, EGAS is preparing to announce for an international bid round based on the mega spec project in the Western part of the Mediterranean Sea which expected to be finished during the fiscal year 2018/2019.

As for natural gas production, the total sales gas production during 2017/2018 reached about 1.929 TSCF with a daily average rate of 5285 MMSCF.

As for natural gas development, 10 gas development projects (8 New + 2 Cont.) were executed and put on stream during 2017/2018 through expanding existing production facilities and developing new gas fields with a total investment of 5.6 Billion US\$.

As for providing the needed energy for community development, a reflection of the increase in the rate of economic growth, mirroring a rapid increase in consumption across all sectors of the country. The strategy of Egyptian petroleum sector focuses on the local market demand and gives it absolute priority. Total local consumption of natural gas reached 2100 BCF and the total imported quantities of natural gas supplied to

the national gas grid reached 221 BCF during the fiscal year 2017/2018, with reduction 40% versus the fiscal year 2016/2017 due to the production from the new gas fields, which led to saving hard currency for other development projects and reduce the burden of the general budget.

With the rising demand and increasing reliance on natural gas to meet the needs of gas consumption especially the power generation, national gas grid length reached about 51 thousand km with a capacity of 240 m³/D million.

According to the commitment of the petroleum sector to support sectors of the state to fulfill its role of providing the needed energy to meet the demand of the Egyptian society especially the electricity sector, EGAS has constructed 6 high pressure pipeline projects with total length 126.5 km to mention that the quantity of gas delivered to the Electricity sector has been increased since some electric power stations "Siemens power stations (New Capital - Burullus - Bani Sweif" - 6th of October - West of Assiout - West of Damietta) so the total power stations supplied with natural gas has reached 58 power stations after converting the two power stations (6th of October - West Assiout) to work with natural gas instead of diesel fuel.

Accordingly electricity sector's share of total local gas consumption reached about 63%, and industrial sector reached 22% of total consumption.

As for the natural gas connection to residential, commercial and industrial consumers, total connected consumers with natural gas reached about 8.8 million residential units, 18.8 thousand commercial customers

and 2491 industrial customers since the beginning of the activity till June 2018, through 14 local distribution companies, rate of connected residential consumers has evolved significantly reaching about 598.4 thousand units during 2017/2018, besides converting 91 industrial customers, also connecting natural gas to 1911 commercial customers including 576 bakeries, bringing total number of bakeries to 7486 till June 2018, which contributed in reducing value of estimated subsidies allocated to liquid fuel and preserves the environment by reducing emissions released from burning liquid fuels. As for compressed natural gas vehicles CNG, 13732 vehicles were converted during 2017/2018, reaching about 243.7 thousand vehicles through 71 conversion centers and 187 gas fueling stations, allocated all over Egypt governorates, 4 new gas fueling stations and 1 new conversion centers were established during the fiscal year 2017/2018

Chairman

Eng. Osama Ahmed Wafik Bakly



EGAS AT A GLANCE

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EGAS

AT A GLANCE 2017/2018

AGREEMENTS

35 concession agreements are currently effective between EGAS and major international petroleum companies till June 2018 including:

- 24 concession agreements (16 offshore+8 onshore) signed with EGAS.
- 11 concession agreements (8 offshore + 3 onshore) signed with EGPC under EGAS supervision.

EXPLORATION

- 16 new gas discoveries were announced; 2 in Nile Delta, 14 in Western Desert.
- 2D seismic survey program (SPEC Project) were acquired in the Med. Sea 576 km till 30/6/2018 with a total amount about 21000 L. km.
- New gas discoveries during 2017/2018 added actual reserves about 182.952 BSCF in Nile Delta, Western Desert.

FIELD DEVELOPMENT AND PRODUCTION

- 10 development projects (8 New + 2 Cont.) put on stream with total cost 5.6 Billion US\$, with initial rates about 1790 MMSCF/D of sales gas in addition to 24.75 MMBL/D of condensate.
- Total of 46 wells put on stream (20 new wells from development projects in addition to 26 development wells) with initial sales gas production about 2105 MMSCF/D of gas and 24.75 MMBL/D of condensate.

- Total gas production reached 2.1 TSCF, and total sales gas reached 1.929 TSCF (average rate 5285 MMSCF/D), total condensate production reached 30.7 MMBBL, and LPG production reached 1.3 MM tons, propane production reached 583.5 M tons, and Ethane/Propane production reached 1136 M tons.

NATURAL GAS LOCAL CONSUMPTION, EXPORT AND IMPORT

- Overall local consumption of natural gas reached 2100 BSCF distributed on sectors: (Electricity 63%, Industries 22%, Petroleum, Gas Derivatives & Petrochemicals 10%, Residential & CNG 5%)
- No quantities of Natural Gas were exported through pipelines in year 2017/2018
- LNG exported in year 2017/2018 reached 40 BCF (Equivalent Gas to LNG exported) by 10 cargoes.
- Commercial Propane (Derivatives) exported in year 2017/2018 reached 426 Mtons by 119 cargoes.
- The total quantities of LNG imported for the regasification process, through the existing two FSRUs in addition to the utilization of the excess capacity of the Jordanian's FSRU by importing LNG to regasify and deliver to Egypt it through the Reverse Flow Pipeline from Jordan to Egypt, during the fiscal year 2017/2018 about 10501 thousand cubic meter LNG by 75 cargoes.

NATURAL GAS PROJECTS & ACTIVITIES CONNECTIVITY

- Natural Gas National Grid reached a total length of 51 thousand km with capacity 240 Million m³/day till June 2017
- Total number of residential consumers reached 8.8 million since commencing the gas connection activity in 1981 till June 2018
- During 2017/2018 number of residential consumers connected with natural gas reached about 598.4 thousand consumers, 1911 commercial-residential non-equivalent consumers, 91 industrial consumers.
- Total investments spent by LDC's on natural gas connections reached 1983 million L.E during 2017/2018
- 2 power stations started working with natural gas during 2017/2018, in coordination between the ministries of Petroleum & Electricity, so that total number of power stations working with natural

gas has reached 58 power stations all over Egypt till June 2018

- Total converted vehicles reached 243.7 thousand since starting CNG activity till June 2018
- Converted vehicles during 2017/2018 reached 13732 vehicles.
- These vehicles were converted through 71 conversion centers, and they are being fueled through 187 CNG stations, affiliated to 6 CNG companies.

HEALTH, SAFETY AND ENVIRONMENT HSE

- EGAS has recently made a successful transition to the 2015 requirements for environmental management system against the new requirement of ISO 14001 accredited by DET NORKE VERITAS DNV GL and maintained conformance with the requirements of OHSAS 18001:2007 standards after the audit carried out in June 2018





AGREEMENTS AND EXPLORATION

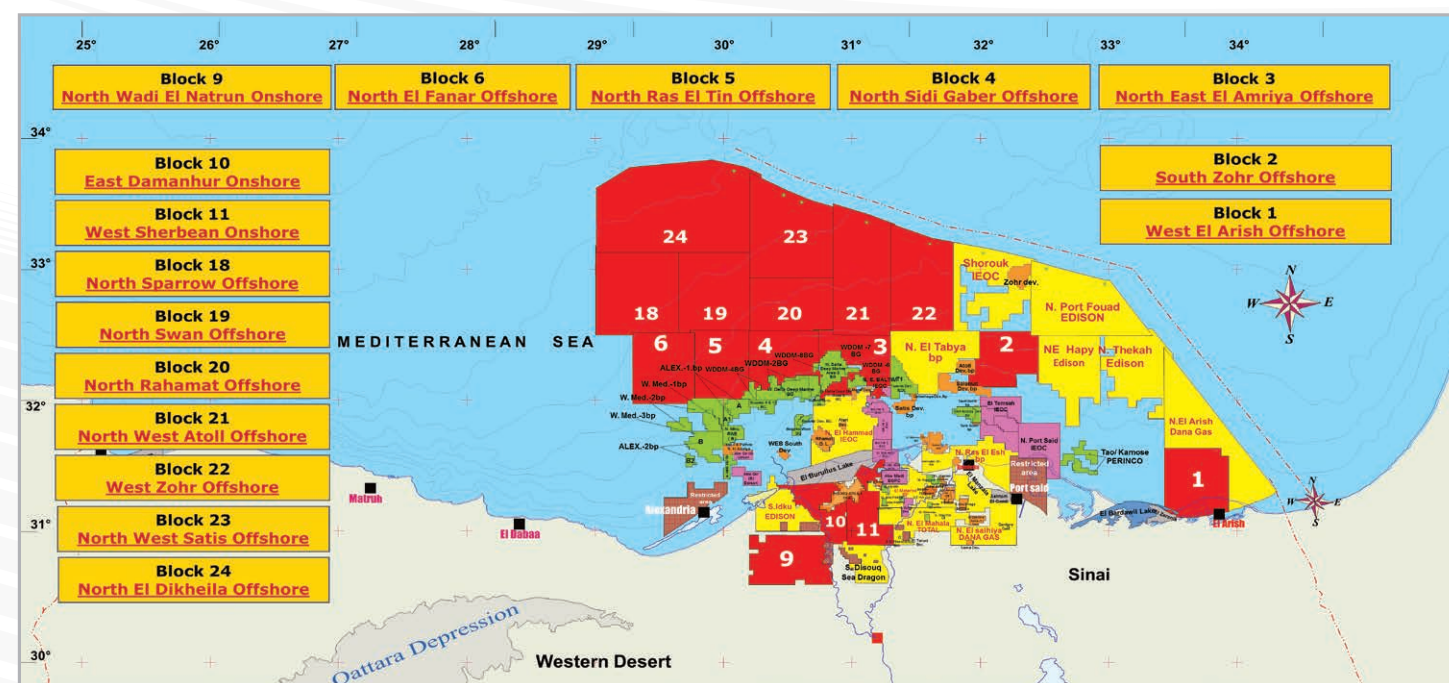


AGREEMENTS, EXPLORATION

The enhancement and increase of proven reserves of natural gas is one of the main objectives of the Egyptian Natural Gas Holding Company (EGAS). In order to achieve this target, new offering global bid rounds for new exploration areas for the international companies, encouraging them to expand their activities and increase their investments in Egypt. And to encourage the exploitation of modern techniques of 2D and 3D research in the identification and evaluation of geological prospects, and the expansion of drilling exploratory and appraisal wells to provide the accurate and necessary data for the reserve account. EGAS is preparing to announce for an International Bid Round based on the Mega Mergo project in the Western part of the Mediterranean Sea which expected to be finished during the fiscal year 2018/2019

EGAS INTERNATIONAL BID ROUND 2018

- The international bid round for EGAS was announced on 21/5/2018 for 16 blocks, including 13 offshore blocks in the Mediterranean Sea and 3 onshore blocks in the Nile Delta. Bidding is due to close on 8/10/2018*



AGREEMENTS

- Noor Offshore Concession Agreement
Currently, the law of the Noor Offshore Agreement in the Mediterranean Sea, North Sinai is being issued for IEOC and Tharwa with a financial commitment of 105 million US\$ to drill two exploration wells within 6 years.
- Two assignments of the concession agreements were approved with a total bonuses of 208.3 million US\$ as following:
 - Assignment from IEOC of 30% of the contractor's share to Upstream Projects Pte. Ltd, on 9/10/2017 and EGAS received a bonus of assignment of 114.3 million US\$.
 - Assignment from IEOC of 10% of the contractor's share to Mubadala Petroleum on 19/6/2018 and EGAS received a bonus of assignment of 94 million US\$.

round on 29/11/2018 in order to allow companies to review the available data and purchase data package for the announced blocks.

- The total relinquishment areas of the concession agreements eight (8) relinquishments with a total area of 21882.75 km² as follow:
 - Four (4) final voluntary relinquishments at the end of the first exploration phases (N. Tennin Offshore, N. El Max Offshore, N. Leil Offshore and Karawan Offshore) with a total area of 19545 km².
 - Four (4) Partial mandatory relinquishments (N. Thekah Offshore, S. Idku Onshore, S. Disouq Onshore and El Matariya Onshore) with a total area of 2337.75 km².

All these areas were added to the Open Areas.



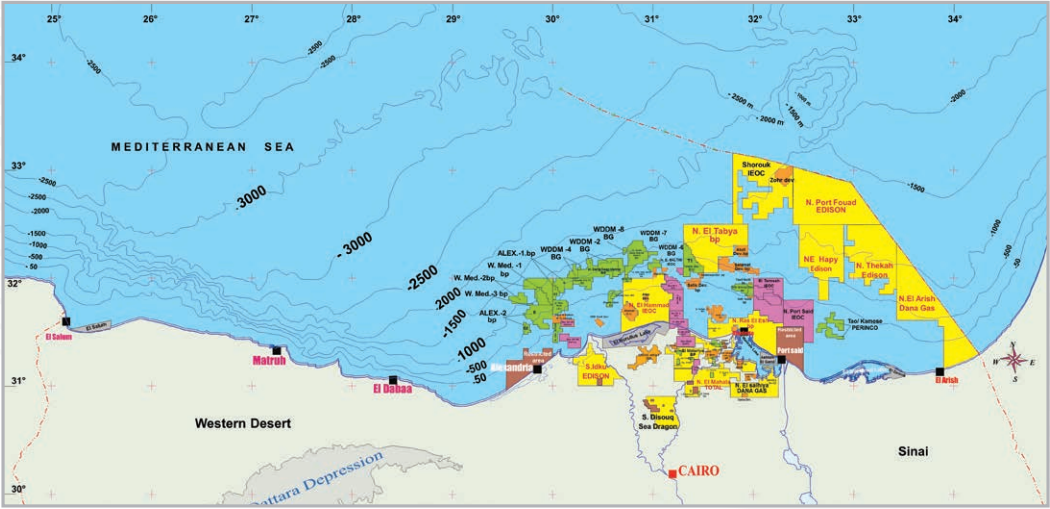
AGREEMENTS IMPLEMENTATION FOLLOW UP

35 concession agreements are valid till June 2018:

- 24 valid agreements (16 offshore, 8 onshore) signed between Egyptian Natural Gas Holding Company EGAS and the international companies for gas and crude oil exploration and exploitation, 13 Agreements are in Exploration phases and 11 Agreements in Development phases.
- 11 valid agreements (8 offshore, 3 onshore) signed with EGPC and under the supervision of Egyptian Natural Gas Holding Company, all of these agreements in Development phases.
- * It is proposed to extend the closing date of bid



- IEOC/ Tharwa relinquished Thekah Development Lease, Thekah North Sinai Offshore Concession Agreement, and Mediterranean Sea due to lack of economic feasibility of operation after the decrease in the daily production rates of gas.
- IEOC relinquished N. El Brdawil Development Lease, N. El Bardawil Offshore Concession Agreement, and Mediterranean Sea because of the production stop of this development lease.

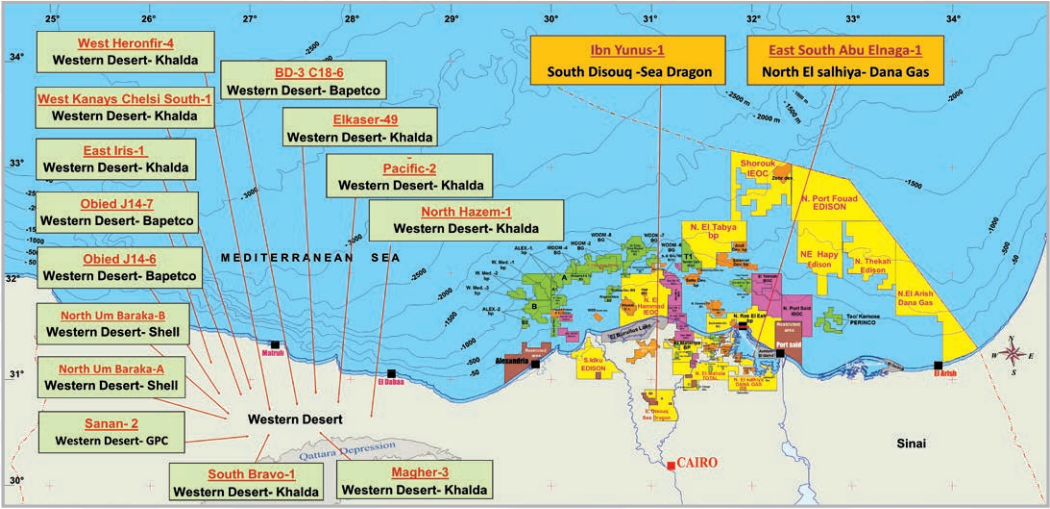


EGAS CONCESSIONS MAP
IN MEDITERRANEAN & NILE
DELTA

- EGAS AGREEMENTS
- EGAS AGREEMENTS (DEVELOPMENT)
- EGPC AGREEMENTS (DEVELOPMENT)
- EGPC AGREEMENTS UNDER EGAS SUPERVISION (DEVELOPMENT)
- PROTECTORATE AREAS
- RESTRICTED AREAS

EXPLORATION

- 16 new gas discoveries; 2 in Nile Delta and 14 in Western Desert.
- New gas discoveries during 2017/2018 added actual reserves about 182.952 BSCF of gas in Nile Delta, Western Desert.

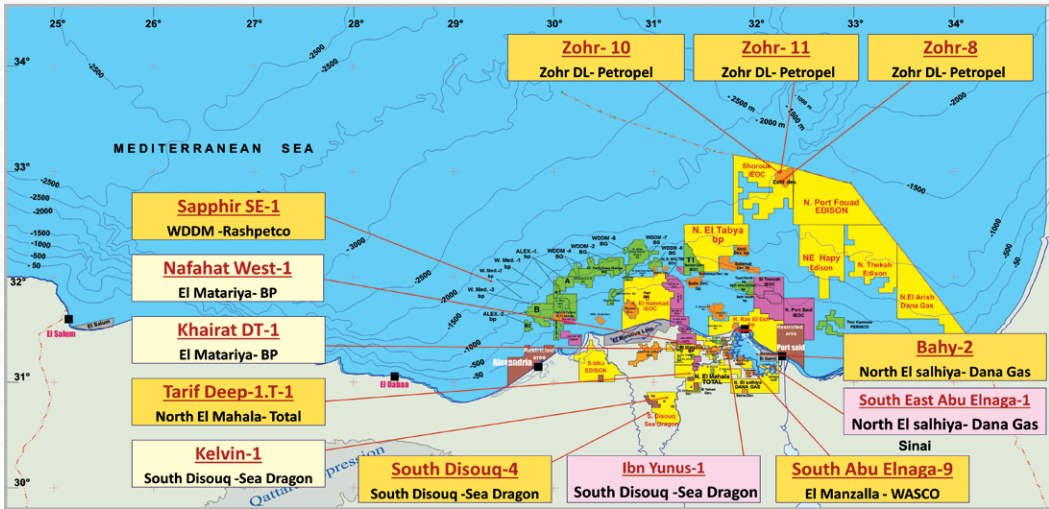


GAS DISCOVERIES IN NILE
DELTA & WESTERN DESERT
DURING FISCAL YEAR
2017 / 2018

- 2 DISC. IN NILE DELTA
- 14 DISC. IN WESTERN DESERT

EXPLORATION ACTIVITIES

- 13 exploratory and appraisal wells were drilled in areas belonging/ supervised by resulting in 2 discoveries, 8 Successful well in addition to 3 dry wells in Mediterranean Sea & Nile Delta with Success Ratio 77%

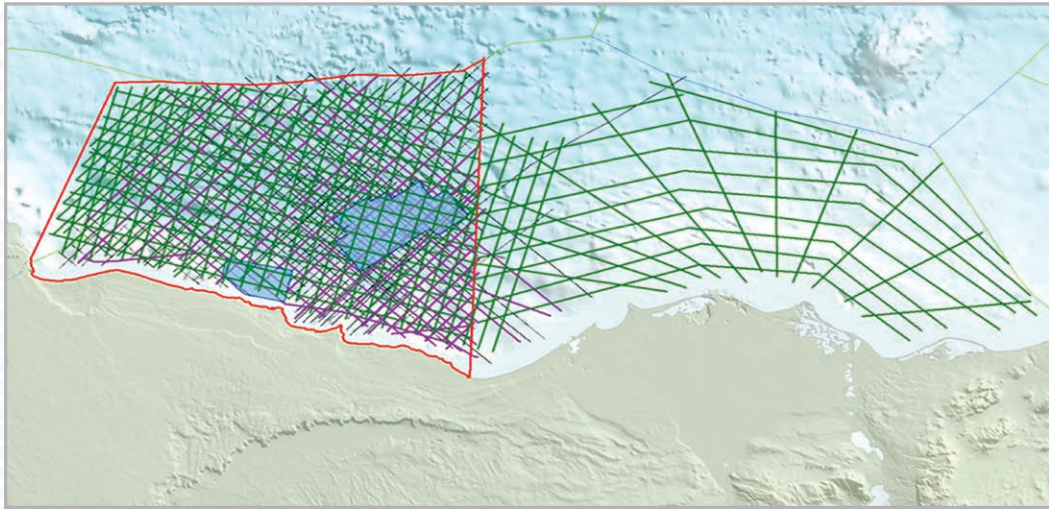


RESULT OF EXPLORATION
AND APPRAISAL WELLS IN
MEDITERRANEAN SEA & NILE DELTA
DURING FISCAL YEAR 2017/2018

- 8 SUCCESS WELLS
- 3 DRY WELLS
- 2 DISC. IN DELTA

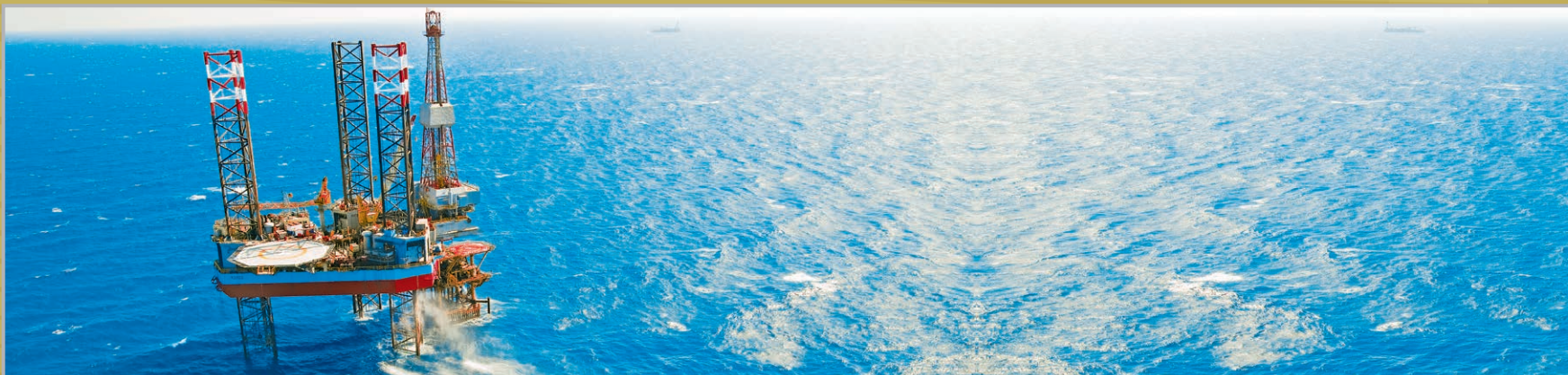
* ADDED RESERVES ABOUT 53.28 BSCF OF GAS + 0.859 MMBL OF CONDENSATE

- For seismic survey Activates executing 2D seismic survey programs (SPEC Project) have been acquired in the Med. Sea 576 km till 30/6/2018 from a total amount about 21000 L. km.



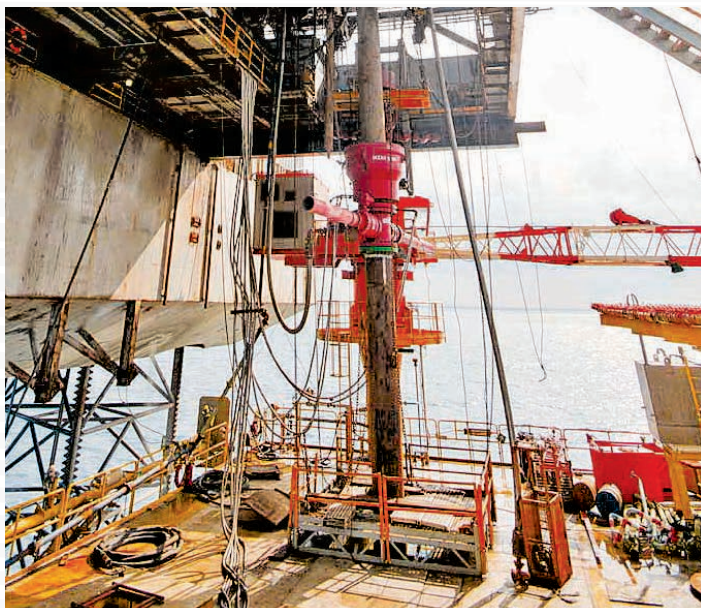
NEW SEISMIC SURVEY FOR
WEST MEDITERRANEAN
PROJECT

- PHASE I (2D SEISMIC ACQUISITION 2016/2017) 7380 L.KM
- PHASE II (2D SEISMIC ACQUISITION 2018/2019) 21000 L.KM

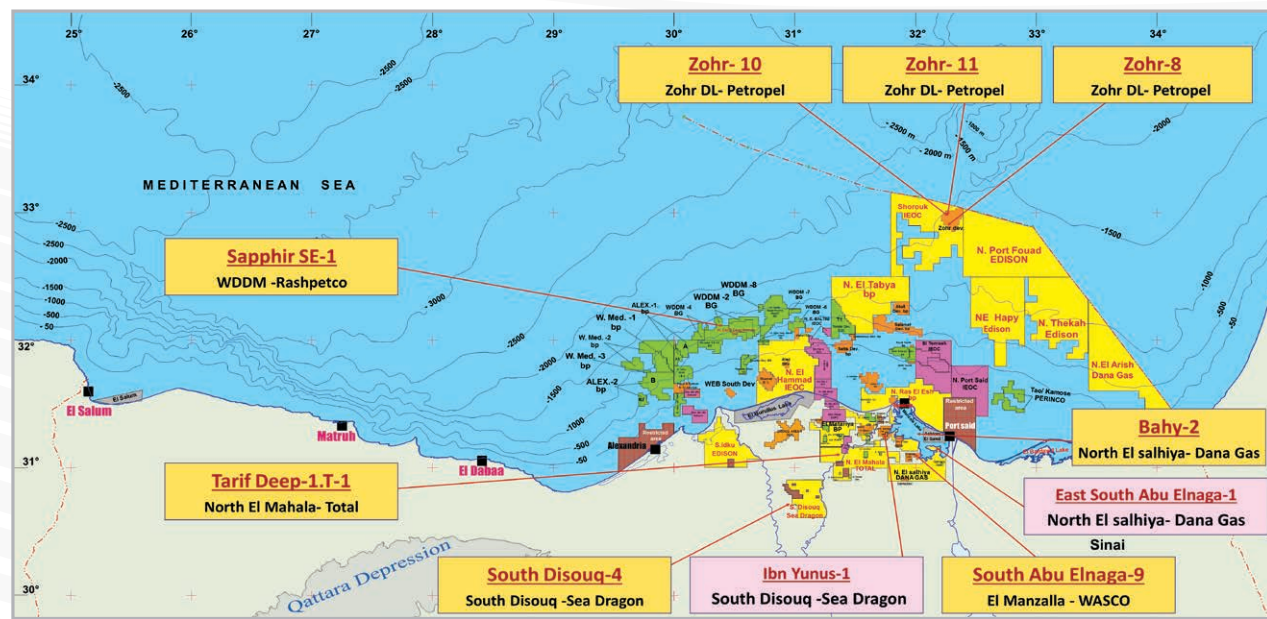


RESULTS OF EXPLORATION ACTIVITIES

- EGAS resulting in 2 discoveries in Nile Delta the added reserves are about 53.28 BSCF gas. and 0.859 MMBL of condensate
 - Ibn Yunus-1 (Sea Dragon – S. Idku onshore concession, Nile Delta). The added reserve is about 51.9 BSCF gas + 0.756 MMBL condensate.
 - ESAEN-1 (Dana Gas – N. El Salhia onshore concession, Nile Delta). The added reserve is about 1.38 BSCF gas + 0.103 MMBL condensate.
 - 8 Success wells.



GAS DISCOVERIES IN MEDITERRANEAN SEA & NILE DELTA DURING FISCAL YEAR 2017 / 2018



* ADDED RESERVES ABOUT 53.28 BSCF OF GAS AND 0.859 MMBL CONDENSATE

8

SUCCESS WELLS

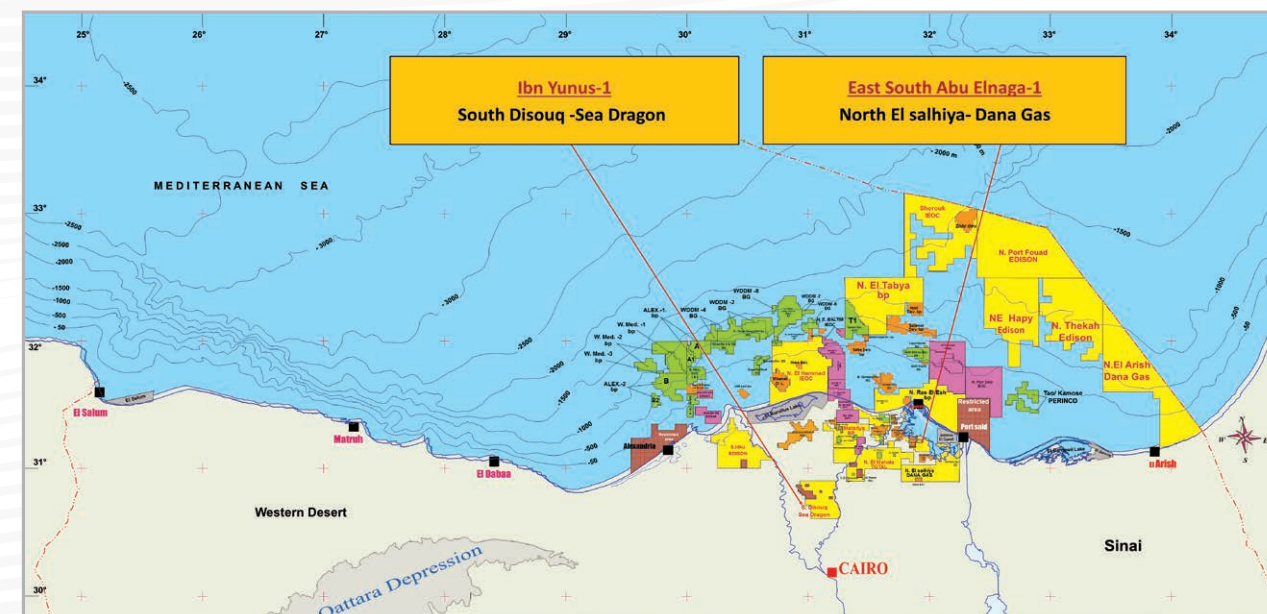
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DISC. IN DELTA

MAIN DISCOVERIES

- Ibn Yunus-1 (Sea Dragon – S. Idku onshore concession, Nile Delta). The added reserve is about 51.9 BSCF gas + 0.756 MMBL condensate.
- ESAEN-1 (Dana Gas – N. El Salhia onshore concession, Nile Delta). The added reserve is about 1.38 BSCF gas + 0.103 MMBL condensate.

MAIN GAS DISCOVERIES IN NILE DELTA DURING FISCAL YEAR 2017 / 2018



* ADDED RESERVES ABOUT 53.28 BCF OF GAS AND 0.859 MMBL CONDENSATE

2

DISC. IN NILE DELTA

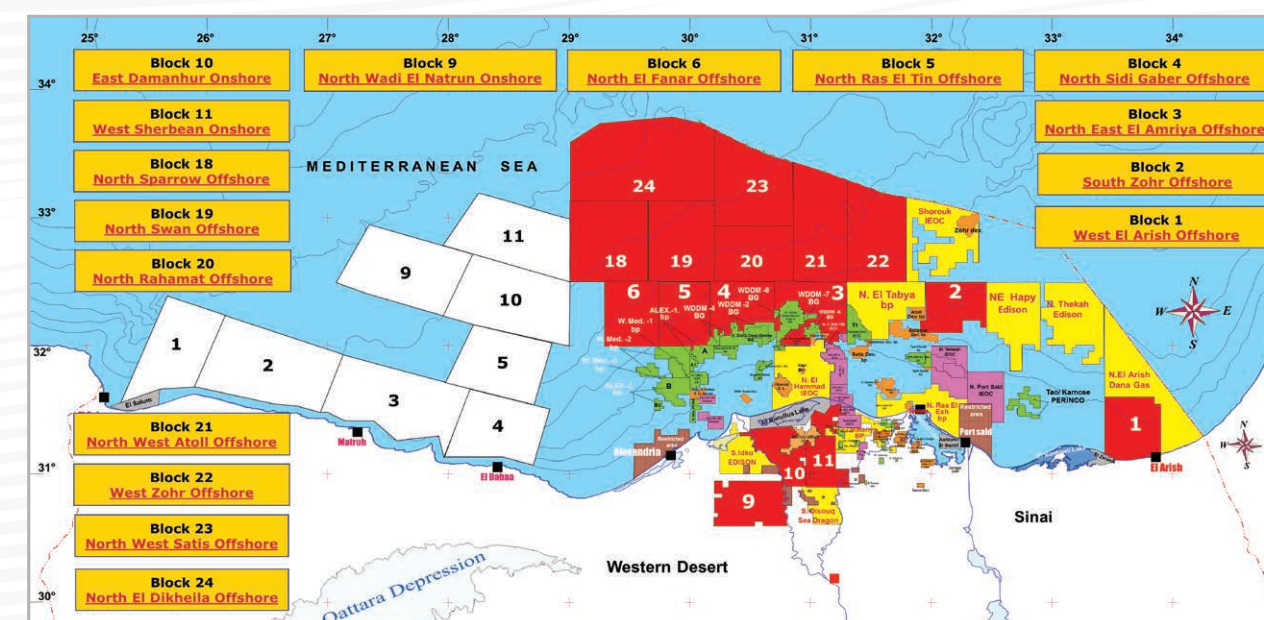
REGIONAL PROJECTS IN MEDITERRANEAN SEA

- The area of West Mediterranean project is one of the most promising areas in Egypt with high potential for oil and gas.
- The objective of this project is to attract major international companies to operate in the region such as Exxon Mobil, Statoil and Chevron.
- The cost of the project 153 million\$. PGS responsible

- for funding (seismic survey - processing and reprocessing of data - geological and geophysical interpretation-marketing-Training-conferences).
- There is cooperation between EGAS and PGS team to execute the project as follows.
- Started the project at 26 June 2015 and took 6 months to collect the pre commitment that was achieved by Total and BP.
- January 2016 Started reprocessing for legacy data 11,000 L.km.



- March 2016 Started of the acquisition survey for New data 7380 L.km.
- May 2016 Started processing new data 7380 L.km.
- February 2017 started geophysical and geological interpretation data in Norway by Egas & PGS team.
- October 2017 finished the interpretation & delineate the proposal blocks for new future bid round in west Mediterranean.
- May 2018 completed reprocessing of legacy 3D 6000 km² seismic data.
- Finished 576 L. km at 30/6/2018 from the total proposed program 21000 L.km.in phase II.
- The following companies have purchased the data in the West Mediterranean project (BP, Shell, Total, ENI and ExxonMobil).
- EGAS and PGS are marketing the project to attract new comer companies that show serious interest in the project (Woodside, Anadarko, Rosneft, Petronas, Noble Energy, Repsol, Chevron and Statoil).

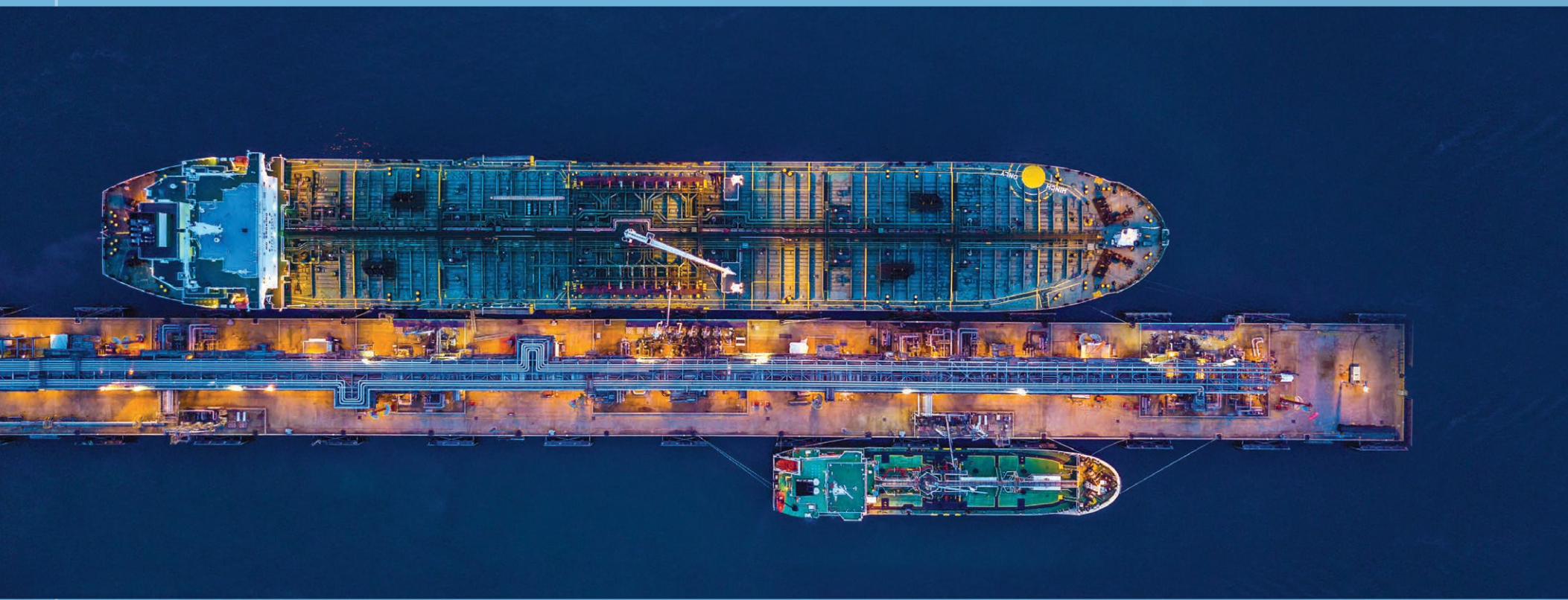


NEW PROPOSAL FOR OPEN BLOCKS IN WEST MEDITERRANEAN

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| EGAS AGREEMENTS (EXPLORATION) | EGPC AGREEMENTS UNDER EGAS SUPERVISION (DEVELOPMENT) | RESTRICTED AREAS |
| EGAS AGREEMENTS (DEVELOPMENT) | PROTECTORATE AREAS | EGAS' BID ROUND 2018 |
| EGPC AGREEMENTS (DEVELOPMENT) | | PROPOSAL OPEN BLOCKS |

DRILLING

Remarkable drilling (exploration-development) activities were achieved during 2017/2018 in EGAS exploration areas, using 12 drilling rigs, in order to drill 41 wells (14 exploratory/ appraisal wells & 27 development wells). 3 gas wells on drilling phase (1 exploratory/ appraisal wells & 2 development wells).



FIELD DEVELOPMENT AND PRODUCTION

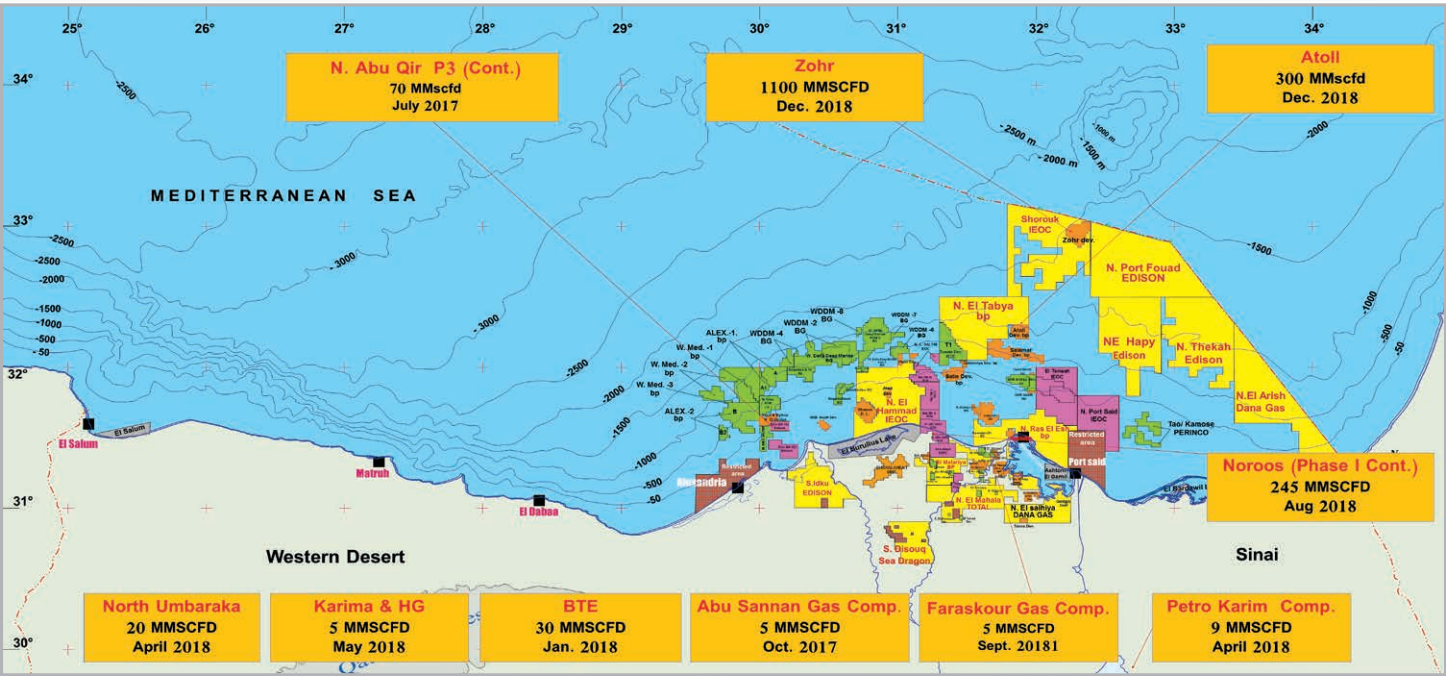


FIELD DEVELOPMENT AND PRODUCTION

FIELD DEVELOPMENT PROJECTS “UPSTREAM

- Development projects (8 New + 2 Cont.) put on stream with total cost 5.6 Billion US\$, with initial rates about 1790 MMSCF/D of sales gas in addition to 13030 BBL Condensate/D.
- Total of 46 producing wells put on stream (20 new wells from development projects in addition to 26 development wells) with initial sales gas production about 2105 MMSCF/D of gas and 24.75 MBBL/D of condensate.

PROJECT / OPERATOR	AREA	INITIAL PRODUCTION MMSCF GAS/D	COST US\$MM	START-UP DATE
N. Abu Qir P3 (Cont.) Abu Qir/Edison	Med. Sea	35-70	25	16 Jul 2017
Nooros (Phase 1 Cont.) Petrobel /IEOC	Nile Delta	30-245	-	16 Aug 2016
Faraskour Compressor WASCO/ Dana Gas	Nile Delta	5	2	18 Sept 2017
Gas Compressor GPC	W. Desert	5	2	21 Oct 2017
Atoll NDPC(PHPC)/BP	Med. Sea	300	855	2 Dec 2017
Zohr Phase 1 PetroShorouk(Petrbel)/IEOC	Med. Sea	175-1100	4700	17 Dec 2017
BTE Bapetco/SHELL	W. Desert	30	5	3 Jan 2018
Petro Karim Compressors Petro Karim/ Dana Pet.	Gulf of Suez	9	4	2 April 2018
North Um Baraka Bapetco/SHELL	W. Desert	20	8	27 April 2018
Karima & HG Petrosannan / Naftogas	W. Desert	5	6	29 May 2018
2017/2018 development projects (8 New + 2 Cont)		1790	5582	
2017/2018 development wells (26 wells)		315		
TOTAL		2105		



COMPLETED FIELD DEVELOPMENT PROJECTS DURING FISCAL YEAR 2017 - 2018



PRODUCTION OF NATURAL GAS AND DERIVATIVES

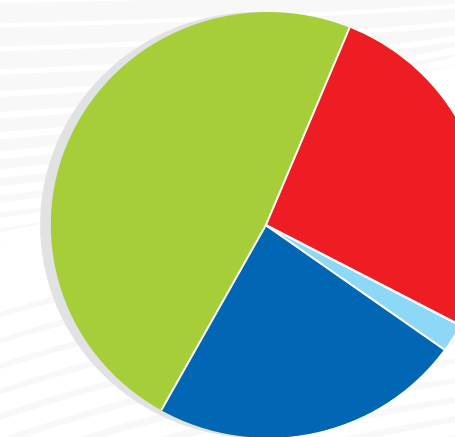
PRODUCED GAS

- Total gas produced from all fields during the fiscal year 2017/2018 reached 2.1 TSCF (average rate 5757 MMSCF/D not include 25 MMSCFD from companies not connected to the gas grid).

SALES GAS

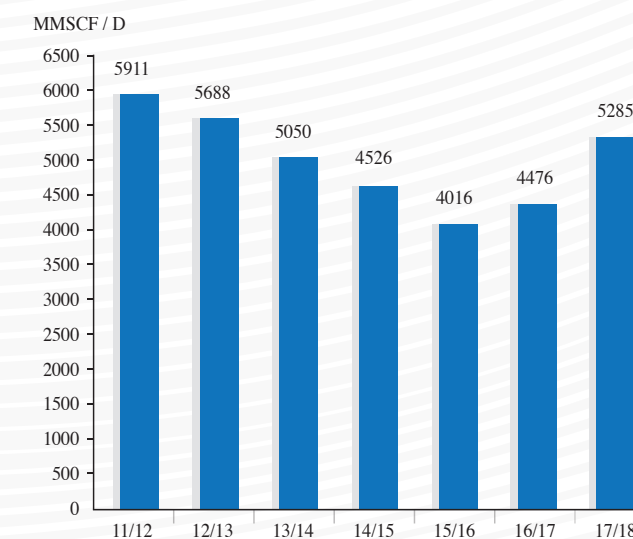
- Total sales gas produced during 2017/2018 reached 1.929 TSCF (average rate 5285 MMSCF/D), 46 wells put on production (including development wells & new wells from projects) with average weighted production about 2105 MMSCF/D of natural gas & 24750 BBL/D of condensate.
- Total natural gas used as fuel, injection gas, and as gas lifting in oil fields reached about 172.3 BSCF, (average rate 472 MMSCF/D).
- Average calorific value for the gas transmitted into the National Gas Grid during 2017/2018 reached about 1041 BTU/SCF.

- Mediterranean region contributed by 48% of total sales gas produced, Nile Delta 25%, Western Desert 24%, and Suez Gulf, Sinai and Eastern Desert 3%.



48% Mediterranean
25% Delta
24% Western Desert
3% Gulf Of Suez & Sinai

**SALES GAS PRODUCTION CONTRIBUTION CHART
IN 2017/2018**



(SALES GAS PRODUCTION FROM 2011/2012 – 2017/2018)



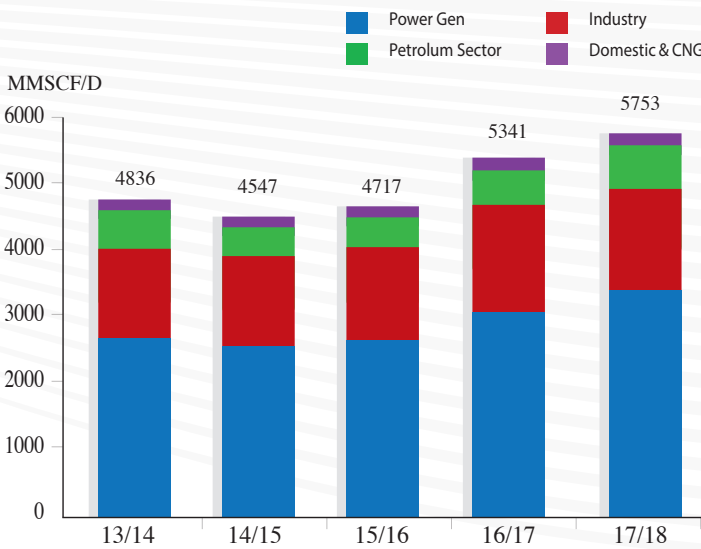


NATURAL GAS LOCAL CONSUMPTION, EXPORT AND IMPORT

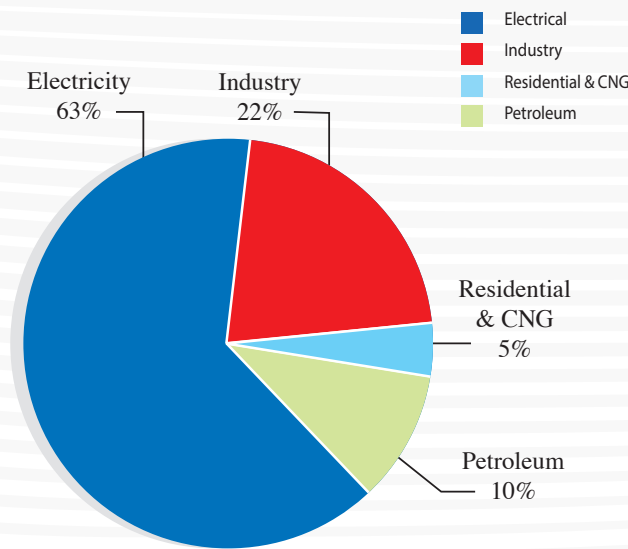


NATURAL GAS LOCAL CONSUMPTION

Natural gas local consumption during 2017/2018 reached about 2100 BCF (average 5753 MMSCFD).



**GROWTH OF NATURAL GAS LOCAL CONSUMPTION
2013/2014 -2017/2018**



**LOCAL CONSUMPTION SECTORS THROUGH ANNUAL
2017/2018**

ELECTRICITY SECTOR

is the largest gas consumer, where natural gas consumption reached 1314 BSCF (3600MMSCFD) representing 63% of total local gas consumption.

INDUSTRY SECTOR

Natural gas consumption by industry sector reached 474 BSCF (1298 MMSCFD) representing 22% of total local gas natural (Fertilizer 211 BSCF - Iron & Steel 66 BSCF & other industries 197 BSCF).

PETROLEUM SECTOR

Natural gas consumption by petroleum sector (Petroleum

& Petrochemical Companies – Methanol & Gas derivatives) reached 215 BSCF (590 MMSCFD) representing 10% of total local consumption.

RESIDENTIAL SECTOR

Natural gas consumption by residential sector reached 83 BSCF (225 MMSCFD) representing 4% of total local natural gas consumption.

CNG SECTOR

Natural gas consumption by CNG sector reached about 14 BSCF (38 MMSCFD) representing 1% of total local natural gas consumption.

GAS EXPORT AND IMPORT

- No quantities of Natural Gas were exported through pipelines in year 2017/2018
- LNG exported in year 2017/2018 reached 40 BCF (Equivalent Gas to LNG exported) by 10 cargoes.
- Commercial Propane (Derivatives) exported in year 2017/2018 reached 426 Mtons (in 119 cargoes).
- Total LNG imported in year 2017/2018 reached 10501 thousand cubic meter (4644 Mtons) in 75 cargoes.
- Total Gas sent out from gas import to National Grid reached 221 BCF.





NATURAL GAS PROJECTS AND ACTIVITIES CONNECTIVITY

NATURAL GAS PROJECTS

NATURAL GAS NATIONAL GRID

National Gas Grid was expanded during the fiscal year 2017/2018 through completion of new gas pipelines, other pipelines are still under implementation aiming to achieve gas connection to the maximum number of factories and to deliver gas to provinces, preserving environment as a strategic goal by reducing the consumption of other petroleum products contaminated environment (LPG – Gas Oil – Fuel Oil), contribute to establishing new plants working with natural gas, in addition to feed houses and factories located along the route of these national gas grid pipelines, which is being controlled by using the latest technology of SCADA system, which controls the network through the national network center NATA.

- National Gas Grid length exceeded 51 thousand km with capacity about 240 million cubic meter/day by the end of June 2018, to secure gas pressure all over regions of Egypt.

NATIONAL GAS GRID PIPELINES COMPLETED DURING 2017/2018

New Capital / Dahshur Pipeline 70 km - 32"

- ▶ **Completed:** July 2017
- ▶ **Project Cost:** 391 million L.E + 12.54 million US\$

West Assiout power station pipeline 1.4 km – 24"

- ▶ **Completed:** September 2017
- ▶ **Project Cost:** 10.8 million L.E + 1.03 million US\$

South Helwan power station gas supply pipeline 1.2 km – 30"

- ▶ **Completed:** January 2018
- ▶ **Project Cost:** 19 million L.E + 4.05 million US\$

6 October power station gas supply pipeline 0.4 km – 20"

- ▶ **Completed:** February 2018
- ▶ **Project Cost:** 4.1 million L.E + 0.42 million US\$

Al SUEZ power station gas supply pipeline 3.5 km – 16"

- ▶ **Completed:** March 2018
- ▶ **Project Cost:** 11.5 million L.E + 0.27 million US\$

Algameel / Damietta pipeline 50 km - 42"

- ▶ **Completed:** May 2018
- ▶ **Project Cost:** 779 million L.E + 18 million US\$

METERING & REDUCTION STATIONS COMPLETED DURING 2017/2018

West Assiout power station (permanent)

- ▶ **Completed:** March 2018
- ▶ **Project Cost:** 13.6 million L.E + 3.5 million US\$

Burullus power station (permanent)

- ▶ **Completed:** December 2017
- ▶ **Project Cost:** 23 million L.E + 6 million US\$

New Capital power station (permanent)

- ▶ **Completed:** December 2017
- ▶ **Project Cost:** 118.85 million L.E

Bani Sweif power station (permanent)

- ▶ **Completed:** December 2017
- ▶ **Project Cost:** 21 million L.E + 6 million US\$

6 October power station

- ▶ **Ready gas Flowing**
- ▶ **Project Cost:** 50.6 million L.E





South Helwan power station

- ▶ Ready gas Flowing
- ▶ Project Cost: 86.7 million L.E

Al SUEZ power station

- ▶ Ready gas Flowing
- ▶ Project Cost: 51.4 million L.E

Ialeashir min Ramadan Almutawirin station

- ▶ Completed: june 2018
- ▶ Project Cost: 61 million L.E

NATIONAL GAS GRID PIPELINES UNDER CONSTRUCTION DURING 2017/2018

Dahshur / AlWaste pipeline 68.5 km - 36"

- ▶ Target end date: September 2018
- ▶ Estimated Cost: 277.5 million L.E + 13.4 million US\$

Ezdwaj Edku / Abu Houmas pipeline 30 km - 42"

- ▶ Target end date: September 2018
- ▶ Estimated Cost: 500 million L.E + 11.4 million US\$

AlWaste / Beni Suef pipeline 60 km - 36"

- ▶ Target end date: October 2018
- ▶ Estimated Cost: 290 million L.E + 15 million US\$

Tina / Abu Sultan pipeline 92 km - 42" (Phase 1)

- ▶ Target end date: June 2019

Abu Sultan / New Capital pipeline 73 km - 42" (Phase 2)

- ▶ Target end date: June 2019
- ▶ Estimated Total Cost: 3300 million L.E

Project Rehabilitation gas supply pipeline 24" Fayoum / Giza 27 km

- ▶ Target end date: December 2018

Project Rehabilitation gas supply pipeline 10" ELSLAAM / Matrouh 90 km

- ▶ Target end date: UNDER STADY

Project Rehabilitation gas supply pipeline Trans-Sinai Pipeline 36"-196 km

- ▶ Target end date: UNDER STADY

West of Cairo power gas supply pipeline 16 km – 30"+ Filtration & Metering & Reduction station

- ▶ Target end date: August 2019
- ▶ Estimated Cost: 221 million L.E

& Filtration & Metering & Reduction station

- ▶ Target end date: August 2019
- ▶ Estimated Cost: 104 million L.E

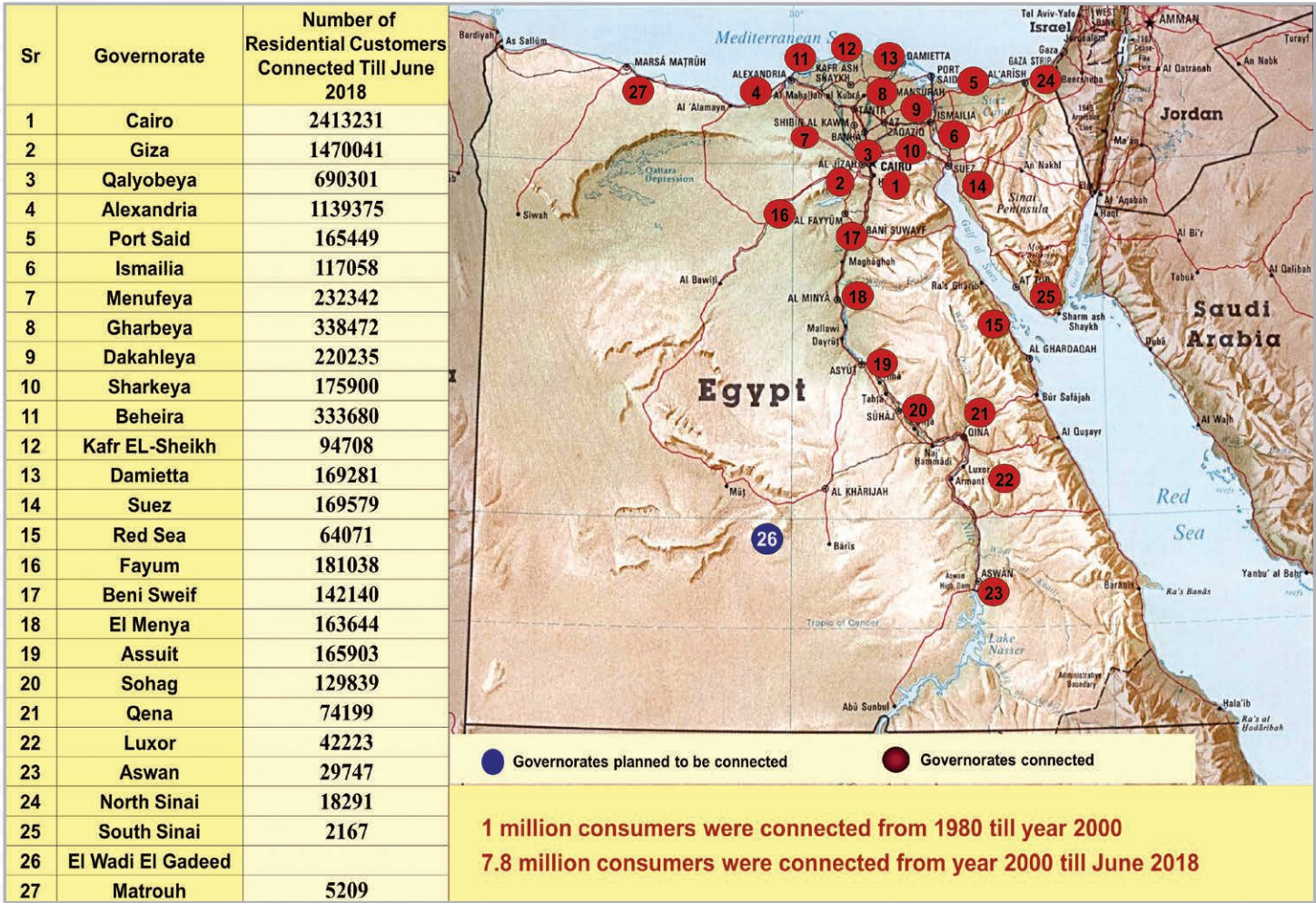




NATURAL GAS LOCAL DISTRIBUTION AND CONNECTION

CONNECTING NATURAL GAS TO RESIDENTIAL & COMMERCIAL SECTORS (LDC'S):

- Total number of residential consumers connected with natural gas reached 8.8 million consumers since commencing the activity in 1981 till June 2018
- During the fiscal year 2017/2018 number of residential consumers connected with natural gas reached about 598.4 thousand consumers including 114 thousand consumers in upper Egypt governorates, (Gas connection rates were 50 thousand units annually during 80s and 90s).



ACHIEVED GAS CONNECTIONS TILL JUNE 2018

- Commercial consumers reached 1911 (including 576 bakeries) bringing total number to 18776 commercial consumers till June 2018, (Including 7486 bakeries).
- During 2017/2018 total investments spent by LDC's on natural gas connections reached 1983 million L.E.
- Converted vehicles during 2017/2018 reached 13732 vehicles.
- These vehicles were converted through 71 conversion centers, and they are being fueled through 187 CNG stations, affiliated to 6 CNG companies.

New Conversion Centers: 1 conversion center were established during this year 2017/2018:

- (Asyut) affiliated to Gastec.

New CNG Stations: 4 CNG stations were established during 2017/2018:

- (kabadaia 2) Port Said affiliated to Car Gas.
- (Asyut A & B) affiliated to Gastec.
- (Alsawah) affiliated to Shell.

CONNECTING NATURAL GAS TO INDUSTRIAL CONSUMERS

- Industrial gas consumers reached 91 (including 42 brick kilns) bringing total number to 2491 Industrial consumers (including 415 brick kilns) till June 2018

CONNECTING NATURAL GAS TO POWER STATIONS

- 2 power stations started working with natural gas during 2017/2018, in coordination between ministries of Petroleum & Electricity, so that total number of power stations working with natural gas has reached 58 power stations all over Egypt till June 2018

COMPRESSED NATURAL GAS "CNG"

Within the framework of achieving the national strategic goal to preserve the environment, the activity of using Compressed Natural Gas CNG in vehicles has expanded as environmental friendly (clean) fuel, to reduce combustion exhaust of liquid fuel by gradual replacement of natural gas for all vehicles.

- Total converted vehicles reached 243688 since starting CNG activity till June 2018





NATURAL GAS CONNECTION PROJECT TO 1.5 MILLION HOUSEHOLDS FUNDED BY INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) & FRENCH AGENCY FOR DEVELOPMENT (AFD):

Project aims at connecting natural gas to 1.5 million households in 11 governorates in Egypt.

Project domain: Giza, Alexandria, Ismailia, Matrouh, Menoufia, Qalyoubia, Dakahlia, Gharbia, Qena, Souhag and Aswan governorates.

Duration: 4 years starting fiscal year 2015/2016 until 2018/2019

Financing: financed by IBRD loan (\$500 Million) and AFD loan (€70 million), in addition to a grant presented by European Union (EU) (€68 million), assigned to 4 components:

- ▶ (€10 million) Financing part of the material procurement of the connection project.
- ▶ (€45 million) Supporting connection fees of poor customers.
- ▶ (€10 million) Enterprise Resource Planning (ERP) for EGAS.
- ▶ (€3 million) Technical assistance for establishing Gas regulator.

Implementing Entities: the project will be executed by Town Gas, Egypt Gas, REGAS Co. and Sinai Gas.

PROGRESS OF THE PROJECT:

1- IBRD Agreements:

- ▶ Loan agreement was signed in 11/9/2014 between Ministry of International Cooperation (MoIC) and IBRD.

- ▶ Project agreement was signed in 11/9/2014 between EGAS and IBRD.
- ▶ On- lending agreement between MoIC and EGAS was signed 30/11/2014
- ▶ IBRD loan agreement entered into force in 11/2/2015
- ▶ An amount of 200 Million\$ of the loan was canceled and the final value of the IBRD loan is 300 Million \$.
- ▶ The Project Extension agreement was signed in 19/2/2018 between the Ministry of Investment International Cooperation (MIIC) and IBRD.

2- AFD Agreements

- ▶ AFD credit facility agreement was signed in 26/11/2014 between ministry of Foreign Affairs and AFD.
- ▶ AFD agreement was ratified by the presidential decree no. 4 for the year 2015 in 15/2/2015
- ▶ The detailed agreement of the AFD loan was signed between each of Ministry of Petroleum MoP and central bank of Egypt CBE and AFD in 17/6/2015
- ▶ On-lending agreement for the AFD loan was signed between MoP and EGAS on 28/10/2015

3- EU Agreements managed by AFD

- ▶ The Agreement for the EU grant was signed with MOIC and MoP on 2/11/2015
- ▶ On 30/12/2015, the EU signed an Agreement with the AFD for managing the Grant on its behalf.
- ▶ Grant Implementation Agreement was signed between MoIC and AFD on 17/4/2016

- ▶ A protocol for implementing the Grant Agreement was signed on May 2016, between MoP, MOSS, MERE and MoIC.
- ▶ It was agreed with the AFD that the EU Grant will be directed to support connection fees for poor customers all over Egypt according to their monthly electric consumption. The eligibility criteria was agreed to be in the range between 50 KW and 130 KW monthly consumption, raised lately to 300 KW monthly.
- ▶ First Amendment to the Grant Agreement was signed between MoIC and AFD on 2/8/2016
- ▶ Grant Implementation Agreement entered into force in 9/10/2016
- ▶ The final version of the Project Implementation Manual obtained the "No Objection" from the AFD on 21/12/2016

4- Implementation Agreements

- ▶ All implementation agreements between EGAS and implementing companies (Town Gas, Egypt Gas, REGAS, and Sinai Gas) were signed.
- ▶ A contract was signed between EGAS and Petrosafe for the preparation of the Quantitative Risk Assessment (QRA) studies necessary for the project.
- ▶ A Contract was signed between EGAS and Petrosafe for the preparation of Environmental and Social Impact Analysis (ESIA) studies as well as Resettlement studies. A number of ESIA were performed and obtained the clearance from the World Bank. On the other side, 9 QRAs out of a total of 22 are done and submitted to the World Bank while the rest are still being prepared.

Procurement.

- ▶ First and Second phase Tenders were issued with a total of 200 Million\$. All tenders were awarded except 4 are currently subject to evaluation and awarding.
- ▶ Third phase tenders were prepared with an expected total value of 195 Million \$.
- ▶ There is an agreement with the World Bank to modify the ratio of the usage of the World Bank Loan to the AFD loan (including the EU Grant) to be 55% from the World Bank loan to 45% from the AFD loan, in order to utilize the whole amount of the European Union Grant that accounts for EUR 10 Million for the purpose of providing a subsidy to the connection fees of the disadvantaged household.





Lands for the PRSs

- ▶ State owned lands were assigned to Six PRSs namely (Atfih, El Barageel, Matrouh, Qena, Farshout and Elwakf). These PRSs are currently under construction.
- ▶ The documents of assigning a land the PRS in Fayed are being finalized.
- ▶ 9 lands were bought for the PRSs in (West Qantara, Tama ,Aga ,Belkas, Gerga, Giza West, Ashmon, Qaha, and Qotour).
- ▶ Lands for the 5 PRSs in Souhag, East Qantara, El-Khosos, Kafr El-zayat, and Zefta, are available.
- ▶ A suitable land for Dekernes PRSs is currently being searched for.

Status of Implementation:

- ▶ 480 thousands households were connected until June 2018
- ▶ About 32 thousands applications were submitted to benefit from the European Union grant to support the payment of the connection fees out of which about 22 thousands were accepted and are currently being connected.
- ▶ A formal request was sent to the AFD to add a new criteria to benefit from the Grant which is Geographical Targeting where the most disadvantaged locations that are technically accepted will be connected as a whole.
- ▶ Work flow charts were done by IBM, the implementer pf the ERP system in EGAS, and EGAS employees are being trained to be familiar with the ERP system.

- ▶ The Technical Assistance contract of the Gas Regulator was finalized and sent to the AFD for No Objection.

CAIRO AND GIZA NATURAL GAS NETWORK EXPANSION PROJECT

Funded by On-lending agreement of the Kuwaiti Fund for Arab Economic Development (KFED) loan (Phase II)

The project aims at expanding the Natural Gas network in Cairo and Giza Governorates.

Project domain: Cairo and Giza Governorates.

Duration: The second phase of the project started in 2012 as an extension to the first phase that was signed in 2008. Accordingly, the project dead line was extended until end of 2019

Financing: 20 Million Kuwaiti Dinars, for the first phase and 17 Million Kuwaiti Dinars for the second phase with a total amount of 37 Million Kuwaiti Dinars.

Implementing entities: First Phase of the project was implemented by Town Gas to connect 300 thousand household customers. The second phase is being implemented by Town Gas and Egypt Gas with a target to connect 200 thousand household customers divided equally between the two companies.

Agreements:

- ▶ The Kuwaiti Fund for Arab Economic Development agreed to extend the withdrawals of the loan no. (855) until 31/12/2019

- ▶ A second loan was signed with the the Kuwaiti Fund for Arab Economic Development in 25/9/2012 with an amount of 17 Million Kuwaiti Dinars for the second phase and the implementing companies are Town Gas and Egypt Gas with a target to connect 400 thousands households.
- ▶ The on-lending agreement was signed between the Ministry of International Cooperation and EGAS in 6/4/2014
- ▶ The effectiveness date of the second phase agreement is 24/4/2014

Procurement Status:

- ▶ 14 Bids were issued by Egypt Gas with a total estimated value of 7.4 Million Kuwaiti Dinars, 13 bids were accepted by the KF, one tender was canceled and 3 new bids with a total amount of 800 thousand Kuwaiti Dinars for the items that were not purchased through the previous tenders because none of the vendors participated in them or due to technical concerns, the technical and financial evaluation of these tenders is ongoing.
- ▶ Town Gas has issued most of its tenders related to the procurement plan with an estimated value of 6.4 Million Kuwaiti Dinars and recently another two tenders were issued and their awarding was accepted by the KF with a total amount of 1.328 Million Kuwaiti Dinars.
- ▶ The Tender package for material procurement related to Egypt Gas are currently being prepared for issuance to start in implementation.



Disbursement status:

- ▶ Disbursements from the Second phase loan started in 21/1/2016
- ▶ The total amount that has been disbursed until 30/6/2018 is 8.253 Million Kuwaiti Dinars.

Status of implementation:

About 237.5 thousand households were connected

- ▶ The agreement was signed in 25/9/2012 and the on-lending agreement was signed in 6/4/2014
- ▶ The KFED agreed to extend the disbursement of the loan no. (855) until 31/12/2019
- ▶ The second phase of the project aims at connecting 400 thousands households (half of which by Egypt Gas and the rest by Town Gas).



HEALTH, SAFETY AND ENVIRONMENT HSE



HEALTH, SAFETY AND ENVIRONMENT HSE

Egyptian Natural Gas Holding Company EGAS has put on top of its priorities preserving health, assets and the environment. **Main activities achieved during 2017/2018:**

- Conduct 47 comprehensive audits on EGAS affiliates to ensure organizational adherence to Occupational Health and safety applicable laws, regulations and EGAS regulatory guidelines. Those visits cover production and local Distribution Companies, customer service activities and compressed Natural Gas Companies (CNG). 8 of those audits carried out to validate requirements for construction and commissioning approvals for CNG fueling stations.
- Held 9 monthly meetings with EGAS affiliates HSE representatives, includes several seminars with different topics such as presenting learning outcomes raised during the maintenance activities in the production facilities of affiliates and demonstrating real case incidents using published CSB (U.S. Chemical Safety and Hazard Investigation Board) reports including the recommended actions established to achieve positive change to protect people and environment and to prevent occurrence of such incidents in the Egyptian gas sector.
- Held 10 health and safety committee meetings as a requirement of Egyptian Labor Law no.12, year 2003
- EGAS has recently made a successful transition to the 2015 requirements for environmental

management system against the new requirement of ISO 14001 accredited by DET NORKE VERITAS DNV GL and maintained conformance with the requirements of OHSAS 18001:2007 standards after the audit carried out in June 2018

- Improve OH&S awareness for EGAS Employees and EGAS Affiliates through:
 - ▶ Coordinated with the affiliate companies for the implementation of the Safety Stand Down symposium in parallel with the safety day ceremony on 28/11/2017
 - ▶ Issued "8" OH & Safety internal awareness circulars for EGAS employees and "10" external circulars for EGAS affiliated companies regarding updates of OH & S National Legislations or/ and Ministerial amendments and the lessons learned from National or International incidents in the natural gas industry.
 - ▶ Conducted 10 OH&S internal training sessions for EGAS employees with cooperation with Enppi – (Engineering for the Petroleum and Process Industries).
 - ▶ Enppi – (Engineering for the Petroleum and Process Industries).
- Implementing Passenger HSE observation card for evaluating the performance of EGAS Drivers.
- Follow up the activities of the Geographical regions committees for both Greater Cairo and the northern region.
- Reviewed and follow up the QRA studies required for pressure reduction stations under the 1.5 Million Customer Natural Gas Connection Project.
- Regular site visits for ZOHR Project to ensure proper implementation of safety requirements.

- Finalizing of the technical studies to update the Fire Alarm system for EGAS buildings, then installation and commissioning of the system.
- Followed up the implementation of the Environmental and Social requirements for the 1.5 Million Customer Natural Gas Connection Project where the following was accomplished :
 - ▶ Prepared 48 Site Specific Environmental and Social studies required for 8 Governorates and Obtained the approval of the WB on 39
 - ▶ Obtained approval of the EEAA for 5 environmental impact assessment studies for 5 governorate.
 - ▶ 4 site audits and review visits to evaluate compliance with the Environmental and Social Management Plan (ESMP) requirements.
 - ▶ 4 supervision visits were conducted (3 World Bank and 1 AFD).
- Reviewed and obtained the Environmental Approval for a total of 60 Environmental Impact Assessment studies for gas projects.
- Issued 5 circulars for EGAS affiliates concerning the complying with Prime Minister Decree No. 1963 of 2017 on the change of some articles of Environment law no. 4 for 1994, as well as the unified environmental incident system and the levels of reporting.





SOCIAL DEVELOPMENT ACTIVITIES

Participate and follow up all the social development activities for natural gas projects, review and monitoring the social activities to be complied with the Local and International Social Policy Requirements. The following activities were achieved during the year 2017/2018:

- The Natural Gas connection project for 1.5 Million Customer in (11) Egyptian Governorates financed by the World Bank:
 - ▶ A total of 12 site visits were conducted by EGAS Social Team in coordination with LDCs representatives, with the purpose of inspection of land alternatives, selecting and negotiating prices for the selected lands for PRS construction.
 - ▶ 2 site visits were conducted to accompany the World Bank Consultant who is in charge of the Grievance Redress Mechanism (GRM) to meet the stakeholders involved in different aspects of the grievance redress function at EGAS and concerned local distribution companies, in order to identify areas of improvement in the GRM process, and reach decisions to draft a unified project level GRM guidelines.
 - ▶ Attendance of 3 workshops concerned with:
 - World Bank Technical Assistant for resolving land acquisition problems.
 - Grievance Redress Mechanism (GRM).
 - PMU Experience Sharing Workshop.
- Participation in the implementation of the Grant Agreement between Egypt and the Agence Française de Développement (AFD) and the European Union (EU) to support the natural gas connection fees for poor people.
 - ▶ No objection was obtained from AFD and the contract was signed between EGAS and Hill International, the consultancy firm who is in

charge of the technical assistant of component 2 of the grant "Targeted Financial Support to Disadvantaged Households for the Payment of Natural Gas Connection Fees". Main scope of the consultant is:

1. Preparation and supervision of implementation of a communication strategy and visibility plan.
2. Support to the establishment and modernization of Customer Service Centers.
3. Data base management system (DBMS) in addition to reporting, documentation and follow up.
- ▶ 4 site visits were conducted to customer service centers in LDCs.
- ▶ No objection was obtained on the Communication Strategy and Visibility Plan.
 - Attendance of 2 workshops concerned with Team Building Program and DBMS Approach.
- Participation in the activities of the Community Development of Zohr Natural Gas Field.
 - ▶ One site visit was conducted to inspect areas of concern needed for the community development projects.
 - ▶ Visited the Health unit in Al Gamil area in Port Said Governorate.
 - ▶ Attended the steering committee meeting held at MoP.
 - ▶ Attended a meeting at Petrobel premises in Port Said Governorate to follow up with the Aquaculture Development Project.
- Other Activities
 - ▶ Attended SEMED Business Forum: investing for Sustainable Growth organized by European Bank for Reconstruction and Development.
 - ▶ Attended the 4th Corporate Social Responsibility Forum (CSR).



INFORMATION AND COMMUNICATION TECHNOLOGY



INFORMATION & COMMUNICATION TECHNOLOGY

Aiming to leverage Information Technology as a strategic enabler for EGAS business plans, Our mission is to fulfill all IT requirements by the different departments in an innovative, superior cost effective technology service in a reliable and stable environment; as well as to enhance decision-making process by the utilization of advanced knowledge management solutions.

2017/2018 MAIN ACHIEVEMENTS:

Implementation of an ERP (Enterprise Resource Planning) system within EGAS

Project Aims to:

- Improve the reliability and transparency of processes and information flow and management, including financial information.
- Help EGAS to better integrate all its operation and activities in a unified system relying on a consistent data stream systems enables to share and edit data.
- Improve security and access.
- Provide a solid operational backbone that improves the workflow and efficiency and reduces redundant data entry and processes across the various departments.
- The ERP (SAP) Project Initial Kickoff Meeting was on January 2018
- Implementation Prepare Phase started.



- Conducted Business Process Requirements Workshops to collect involved departments detailed requirements to build the system design.
- The Service Provider developed the system design documents (reflecting Business Workflow on the system) and Conducted design documents walkthrough sessions with the process owners to review and confirm the design.
- Process Owners started working on providing the required data for uploading it on SAP.
 - Design documents for phase1 were approved by EGAS business process owners for the following modules: Procurement, Finance, Inventory, Internal Trade, External Trade and Projects and Planning.

- Conducted Finance Key User Training and End user training for two weeks.
- Early Go live Modules (General Ledger GL - Account Relievable AR - Account Payable AP) end of July 2018
- Started testing integration between phase 1 involved departments (External Trade - Internal Trade - Procurement & Inventory - Projects & Planning - Finance) as planned these modules will go live on 31 December 2018
- Started Human Capital Management modules HCM as Phase2 in June 2018
 - Conducted Business Process Requirements Workshops to collect involved departments (Payroll, Organization Management., Personnel,

Public Relations, and Training) detailed requirements to build the system design.

- The Service Provider developed the system design documents (reflecting Business Workflow on the system) and Conducted design documents walkthrough sessions with the process owners to review and confirm the design.
- Production Department daily/monthly reports go live september 2018
- Business Intelligence Module will be developed as phase3 for operation department, agreements, and exploration department in the next phase.
- The project schedule is on progress and all project tasks are on track as planned to achieve the final go live date, which will be end of December 2018



EGAS WEBSITE REVAMPING

Due to the importance of EGAS website, to attract more investment to add value to Egyptian economy, a new website is in the process of implementation to fulfil the following needs:

- Provides a user-friendly interface.
- Enables investors and business partners to reach any piece of information that they are looking for in the shortest time possible and with the least number of clicks.
- Increase EGAS portal visitors, and Branding EGAS portal.
- Website will include the following information:
 - ▶ Issuing Bid Round.
 - ▶ Signed Concession Agreements.
 - ▶ The Project of Connecting Natural gas to different governorates.
 - ▶ Company activities and objectives.
 - ▶ Annual report.
 - ▶ News.

ARCHIVING SYSTEM

This project aims to archive every paper document to be on the system, as this will help in:

- Easier and faster Retrieval for documents.
- Paper less environment.
- Enhanced Security as each document on the system will be secured.
- Secure documents against fire.
- Automate the work cycle.
- The Departments / Sections that have activated the system of electronic archiving: Payroll, Insurance, Training, Medical affairs, Foreign Affairs, Personnel Affairs, Legal Affairs, Production and Field Development, Agreements and Exploration, General Accounts, Internal Trade, Foreign Trade.
- A Preparation for the users training for all departments to add their documents and records using the various functions of the system.

DEVELOPMENT OF THE ACCESS CONTROL SYSTEM THROUGH ELECTRONIC GATES.

- A new system was implemented to provide control for employees and guests entering / leaving linked to the attendance system.

UPGRADING THE AUDIO AND VIDEO SYSTEMS IN ALL MEETING ROOMS IN EGAS

- A new system was implemented in all EGAS halls to raise efficiency and provide excellent facility.

CONNECTING EGAS AND ALL ITS SUBSIDIARIES

- EGAS and its Subsidiaries (24 companies) are currently in the process of integrating their data; this will help in relying on a consistent data stream that enables to exchange data between them.

DATA CENTERS AND SERVERS:

- 2 Data centers renewed with access control, Ramp, Temperature sensors and air conditioner for more stable environment.
- New Servers and PCs acquired for more efficient and uninterrupted flow of work.

UPGRADE NETWORK INFRASTRUCTURE:

- New backbone and edge switched for better and reliable performance has been done.

MULTIFUNCTION EQUIPMENT:

Implement Multifunction Equipment for all company floors to:

- Reduce the cost of printing and imaging by up to 30% to 40% of the total cost of the current situation.
- Control and monitor all processes of printing, photographing and scanning.
- Control and monitor all machines and devices attached to the system.



- Confidential and secure printing.
- Provide complete and detailed reports on (user – user's department - cost center) and control the cost and management of each user.
- Centralize the management of all printing, imaging and scanning processes.
- Ability to handle all existing machines as a single unit.
- Manage work tasks in a more secure way. It enables employees to deal instantly with machines from anywhere through standard techniques for document exchange and electronic publishing.
- Its superior ability to provide immediate analysis of the document usage cycle and give EGAS a deep insight into the information and documents owned by EGAS by switching to an environment that supports digital technologies at work.





HUMAN RESOURCES DEVELOPMENT AND SOCIAL ACTIVITIES



HUMAN RESOURCES DEVELOPMENT ADMINISTRATIVE AFFAIRS

In alignment with the latest international procedures and global methods in the field of human resources, for the 3rd time, "a commendable effort report" has been received from the DNV Authority, which awards the ISO certificate for sustainable and continuous development, related to the following achievements:

- A specialized program in negotiation skills for the Agreements and Exploration Department's staff responsible for the negotiation issues with the foreign companies operating in Egypt in order to attract investments using successful negotiating ideas.
- EGAS support for the health and safety of the employees by raising their awareness through a range of approved programs (5 specialized programs – 6 general industrial security programs) such as Fire Prevention – Safety at Office - Safety BOSIET – H₂S – NEBOSH ... etc. Moreover, EGAS employees were informed about the latest updates as well as the governmental altitudes and the new laws such as the Investment Guarantees Law No. 72 of 2017, which is highlighted through the "Egyptian Product Preference Legislation and Challenges" Seminar, "Improving the Administrative Performance of Sustainable Development and How to Prepare and Apply the Concepts of the Overall Quality of Industrial Enterprises" Workshop, Social Responsibility Forum for Petroleum Companies (Petroleum CSR 2018), Technology Conference

and the Prospects for continuous Development in the 21st century ... etc.

- Within the framework of the Petroleum Sector Modernization Project, EGAS participated in the first Energy Efficiency Conference and Exhibition in addition to hosting the "Energy Efficiency" workshop which was attended by the other sector's companies. As well as the development of the senior management promotion regulations through the inauguration of a set of programs dedicated to this issue. Moreover the affiliate companies with energy-intensive consumption were addressed to work on the qualification of the personnel in the field of energy, operations, maintenance, utilities and other specializations by implementing a range of long-term training programs to improve the energy efficiency, in addition to the contribution to support the distressed companies in the sector by providing training halls to implement their courses aiming at reducing expenses and developing a system to fulfill their training needs to develop a plan keeping pace with EGAS's goals and career paths development.
- In coordination with the Administrative Control Authority 3 programs were held for 75 employees of EGAS and affiliates concerning "Spreading the Values of Integrity and Transparency and Awareness of the Dangers of Corruption and the ways to Prevent it. Also training and development of 636 trainees during the fiscal year 2017/2018 providing 1517 training opportunities in different specializations varying between technical and administrative programs as well as health and occupational safety and IT, based on the method of implementation either programs / seminars / conferences / workshops or others.



- In addition to the above, the scientific and practical aspects have been linked through supporting graduate studies, masters and doctorate degrees for 20 students annually, as well as the contribution to the training of a number of university and higher institutes students through summer training programs.
- Regarding the need to control the organizational amendments done in investment companies, some amendments were made to a number of the organizational structures of the affiliate companies (joint venture / foreign / investment). In addition to, studying the nomination and promotion of candidates in EGAS, which reached a total number of 1056 employees until 30/6/2018, in addition to the nomination and promotion of the senior management level in affiliate companies in accordance with the organizational structure and the approved job description template.
- Constructing an integrated and comprehensive database for the petroleum sector in the affiliate companies and working on the full line activation connectivity between the holding company and its affiliates, as well as following-up the foreign experts working for EGAS projects and coordinating between company's departments. Moreover taking the necessary procedures to grant / renew work permits for expatriates to a number of (500) expats in the affiliate companies and following-up and updating the database for expats and Egyptian employees working for foreign, joint ventures and investment companies. Also, a total number of 696 were nominated and a number of 315 employees were promoted in EGAS and its affiliate companies according to January

2018 Committee. In addition to carrying out 525 official missions across Egypt and 25 official missions out outside Egypt and participating in the MOC Conference in April 2018, and hosting official delegations.

- As part of EGAS's concern for its employees, events have been held to honor the employees and to celebrate the outstanding academic performance of their children, in addition to celebrating International Women's Day 8 March in the presence of Dr. Farkhanda Hassan and Dr. Mervat El Talawy. It was approved that Ministry of Petroleum's Equal Opportunity Unit in cooperation with the National Council for Women to hold a seminar for women working in the petroleum sector 15 March, Mother's Day 21 March which was organized by Syndicate Committee, participating in organizing several exhibitions, which serve EGAS employees, and participating in hosting workshops and committees for sector's modernization program.
- Regarding the importance of the sports aspects, EGAS has jointly participated in the Petroleum Sector Tournament with five different sport games after conducting annual evaluation for the employees to join different games as well as selecting the best stadiums and renting them for the training. Besides participating in the competitions organized by the General Petroleum Syndicate which has been seen in the achievement of EGAS table tennis team who won the 3rd place across the Petroleum Sector. Also a number of 12 teams from different departments participated in the 14th Ramadan competition.

- As for setting an annual plan with the aim of meeting the actual needs of all EGAS departments and the implementation of purchase orders and the provision of materials, goods and supplies to ensure the functioning of the mechanism corresponding with the actual EGAS needs without resorting to a higher inventory than natural consumption rates and the maximum use of available resources through the periodic review of the stock and raise its efficient use to reduce purchases.
- As part of the national efforts to urge car owners to rely on gas as an alternative fuel for petroleum

derivatives, whose international prices are increasing almost every day, EGAS has converted a number of its cars to work with natural gas instead of gasoline. Number of cars working with natural gas in EGAS reached 18 cars, in addition, the procedures for contracting with 2 of the largest car maintenance agents have been completed to ensure the implementation of safety standards for car users in accordance with health, occupational and safety regulations. And there are negotiations with another two agencies under the same conditions and standards as are customary in this regard.





CONFERENCES AND EXHIBITIONS



CONFERENCES AND EXHIBITIONS

Egyptian Natural Gas Holding Company EGAS has organized and participated in several international conferences and exhibitions during the fiscal year 2017/2018, aiming at exchanging experiences, attracting and developing more investments in gas projects.

"SPE: OPTIMIZATIONS AND ECONOMICS" WORKSHOP

11-13 July 2017, Renaissance Mirage City Hotel - Cairo

- Organized by the SPE organization, which aimed at discussing the economic aspects and the optimization in the oil and gas industry in order to attract shareholders, investors and decision makers to carry out new projects and to continue successfully in this industry during periods of difficult challenges such as oil price instability.

3RD KUWAIT OIL & GAS SHOW AND CONFERENCE (KOGS 2017)

15-18 October 2017, Kuwait International Fair- Kuwait

- Organized by Kuwait Petroleum Corporation under the patronage of his Highness Sheikh Jaber Mubarak Al-Hamad Al-Sabah, Prime Minister of the State of Kuwait. EGAS participated by a distinguished Joint booth for the Egyptian Oil & Gas Sector including (EGPC, Ganoub El Wadi, Enppi, Pertojet, MIDOR, EMC, AMOC, Egypt Gas, Gas Cool, Town Gas and Ethydco). KOGS aimed at providing an important forum and opportunity for participants to contribute debate and provide solutions that will shape the future of the industry in our region. Thousands of guests attend the event.

"THE FIRST AL AHRAM ENERGY" CONFERENCE 18-19 December 2017, EL Masa Hotel - Cairo

- Organized by Al-Ahram Al-Masai newspaper and Al-Ahram Investment Company. The Conference was held under the patronage of Prime Minister, the participation of Minister of Electricity and Renewable Energy, Minister of Petroleum and Mineral Resources and the largest Egyptian oil and electricity companies and representatives of Egyptian and international financial institutions. The conference aimed at developing an integrated work program that is in line with the strategy and direction of the state to transform Egypt into a regional energy center.

"UPSTREAM TECHNICAL CONVENTION" (PANEL DISCUSSION – WORKSHOP – SHOWCASE)

21-22 January 2018, Sky Executive Resort- Cairo

- Organized by Egypt Oil & Gas Company under the patronage of the Minister of Petroleum and Mineral Resources. It aimed at opening discussion around the modernization and development of petroleum sector program.

EGYPT PETROLEUM SHOW (EGYPS 2018)

12-14 February 2018, Egypt International Exhibition Center – New Cairo

- Organized by DMG events & ASG-ITF with the support of the Ministry of Petroleum and Mineral Resources. The conference and exhibition were held for the second time in Egypt under the patronage of the President of the Arab Republic of Egypt. EGAS was one of the main supporters for the event. The event attracted the best of the industry to convene in Cairo across 3 days

to network, showcase products and services, do business and gain valuable product information and industry knowledge exchange across the entire oil and gas domain.

- EGYPS 2018 witnessed the participation of more than 16000 visitors, 376 exhibiting companies, 1000 delegates, and 220 speakers over 54 sessions. EGAS participated in the exhibition with a distinguished booth.

9TH MEDITERRANEAN OFFSHORE CONFERENCE AND EXHIBITION

17-19 April 2018, bibliotheca Alexandria Conference Center - Alexandria

- The conference was held under the patronage of the Ministry of Petroleum and Mineral Resources. The event takes mutually between two cities Alexandria and Ravenna. The conference was held this year under the theme "Mediterranean Potentials Unlocked – step2". It was attended by major local, arab and international companies, investors and

experts in the gas and oil industry. The number of participants reached 1600, making it a significant event for Egypt and distinct petroleum platform to the world.

- EGAS was awarded the Excellence award by participating in a joint pavilion comprising the Ministry of Petroleum, the Egyptian General Petroleum Corporation, the Holding Company for Petrochemicals and the Holding Company for South Valley.

28TH INTERNATIONAL CONFERENCE ON "ENVIRONMENTAL PROTECTION IS A MUST" 5-7 May 2018, Sheraton El-Montaza Hotel - Alexandria

- Organized by International Scientists Association (I.S.A.), Organization of Islamic Capitals & Cities (OICC), Biopolitics International Organization and Euro-Arab Cooperation Center (V.E.A.).
- The conference aimed at opening wide spectra of discussion among the scientists in the different countries on environmental problems.





HIGHLIGHTS AND TARGETS

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HIGHLIGHTS AND TARGETS 2018/2019

- Based on the geological and geophysical interpretations on the western part of the Mediterranean Sea that currently ongoing, EGAS will launch a new International Bid Round during the fiscal year 2018/2019 on the western part of the Mediterranean Sea to attract more foreign investment.
- Processing and reprocessing of seismic data and geological and geophysical studies with estimated cost of 14 Million US\$.
- Drill 11 exploratory wells in Mediterranean Sea, Nile Delta with estimated cost about 208.8 Million US\$.
- Sign 4 development leases in Mediterranean Sea and Nile Delta.
- Complete the Mega Merge Project in West Mediterranean sea and implement of the 3D Seismic acquisition program.
- 6 natural gas development projects (5 New + 1 Cont.) to be on stream, With an initial gas production 1875 MMSCF/D, and average weighted added production 1110 MMSCF/D, with estimated cost 3 billion dollars.
- 13 development wells will be on stream with initial gas production 170 MMSCF/D, and average weighted added production 115 MMSCF/D. Accordingly the total average weighted added production from new projects and development wells about 1225 MMSCF/D in 2018/2019
- Total gas consumption rate of 6910 MMSCFD.
- It is also planned during the year 2018/2019 to supply two new electric power stations to be working with natural gas as a fuel such as (Suez electric power station – South Helwan station).
- LNG import phases to national gas grid: It's planned to import 17 LNG cargos, which are contracted, during the fiscal year 2018/2019 to fulfill the domestic needs with reduction percent about 77% from the fiscal year 2017/2018
- The ELNG liquefaction plant will continue in producing the required LNG cargoes to enable Sellers fulfilling the existing and currently negotiable Buyers' contract. It's expected to resume the operation of SEGAS Plant as of April 2019 after finalizing the Settlements deal with UFG and SEGAS. It's planned to re-export natural gas to Jordan as of January 2019 as per the executing amendments with Jordan in August 2018
- Connect natural gas to 1 million residential consumers.
- Convert 25 thousand vehicles to run with CNG.
- Connect natural gas to 100 industrial consumers and 1000 commercial consumers.
- Enterprise Resource Planning (ERP) for EGAS, with estimated cost about 10 million Euros through fund by French Agency for Development (AFD).
- Follow up the implementation of the environmental & social requirements for the natural gas residential connection project.
- Conducting 36 OH&S audits to evaluate the compliance of Affiliates with applicable laws, regulations and EGAS regulatory guidelines and the transition to 2018 requirements for OH&S management system against the new requirement of ISO 45001.
- Review and update the requirements for CNG vehicles design and installation of filling station.