

Ahmed Al-Arbeed,
CEO of Dana Gas.

PRIVATE POWER

Egyptian business is paying real dividends for the Middle East's first and largest private-sector natural gas company. *Oil & Gas Middle East* spoke with Ahmed Al Arbeed, CEO of Dana Gas to find what's driving the gas bonanza

Ahmed Al-Arbeed has unrivalled views out over Sharjah's corniche waterfront. From the 11th floor elevation in Crescent Tower the chief executive officer of Dana Gas has an outstanding vista from which to reflect on a busy and hugely successful 2009. As much of the world's private energy com-

panies succumbed to the double edged sword of deflated energy prices and a drying up of capital, Dana Gas managed to buck prevailing trends and delivered a stellar performance.

"I think what was important was that we had built the right foundations and were engaged in the right projects before the financial crisis," beams Al-Ar-

beed. The company is one of only a handful in the energy game that can say it will emerge from 2009 with a robust balance sheet and in a stronger position than a couple of years ago.

The figures at year-end 2009 show available cash of more than \$190 million, plus available for sale assets valued at more than \$272 million. The bulk

of the company's revenue was generated from its operations in Egypt, with an additional contribution coming from its operations in the Kurdistan Region of Iraq.

In the first nine months of last year, Dana Gas generated total revenues of \$247.5 million. The full annual performance figures will be out in February.

PROJECT FOCUS

Dana Gas is involved in exciting upstream projects in Egypt, Kurdistan, the United Arab Emirates and is soon hoping to bring to fruition a gas deal with Iran (currently in arbitration).

"The projects we are directly involved with have a huge amount of potential that will transform Dana Gas as a company from where it is today to an even more effective gas company throughout the MENASA region," says Al-Arbeed.

"All of the projects are at a stage where we are developing, producing more and yielding new discoveries so it is a very exciting time for the company," he adds.

The company's operations in Egypt have garnered the lion's share of media attention throughout last year, with fresh news of discoveries kicking off 2010 in the best possible way. "To double up your resource

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base in one year is of course exceptional, and we are naturally delighted with that," says the CEO.

Last year Dana Gas achieved average daily production of 34750 barrels of oil equivalent per day (boepd), a 20% increase on the average for 2008 thanks largely to production from three of Dana Gas' recent gas discoveries that were brought on stream without delay.

"Dana Gas Egypt is able to bring new fields on stream very quickly - just four months after discovery in late 2008 in the case of the El Basant, thanks to existing infrastructure in the Nile Delta area," he says.

Last year, in Egypt alone, a total of 12 exploration wells were drilled, yielding eight discoveries. "This year work will progress to bring the remaining discoveries on stream with various development schedules and alternatives being studied to optimise production and profitability consistent with a prudent capital investment programme," says Al-Arbeed.

Production this year is forecast to average just over 40000 boepd rising to potentially 50000 boepd in mid 2011 as new facilities are brought on stream.

When asked why, after many years of exploration, Egypt is yielding such a strong discovery

DANA GAS: EGYPTIAN GAS DISCOVERIES IN 2009

- Salma Delta-1
- Sondos*
- Azhar-1*
- Tulip-1
- Sharabas-1
- Sama-1**
- Faraskur-1
- Marzouk-2
- Orchid-1

* Already on-stream

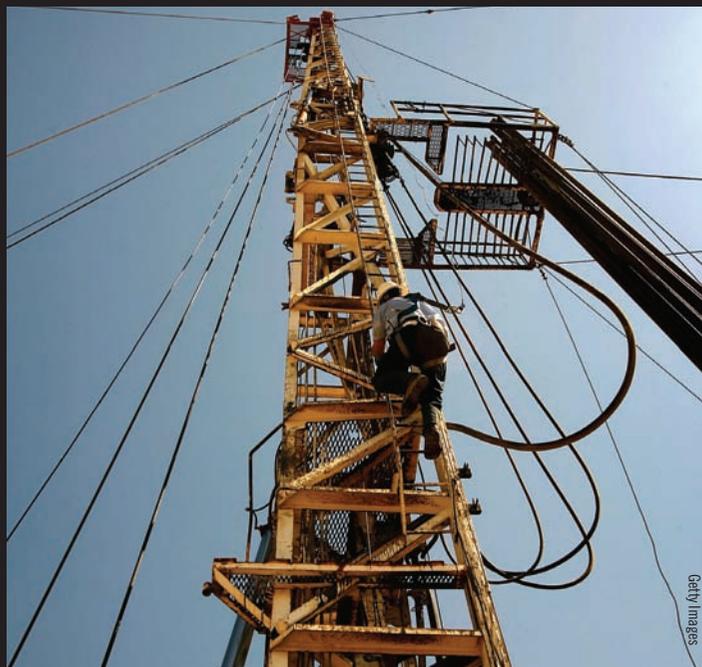
** on stream Q1 2010

rate, Al-Arbeed sums the timing up in two words: "Technology and knowledge. Having spent many years in the oil industry this is what you come to expect, but crucially with these two factors improving we can go and drill in areas which were once considered too challenging or

BREAKING NEWS – STRIKING OIL

As *Oil & Gas Middle East* went to press in January, Dana Gas confirmed the Al Baraka-4 well, drilled as an appraisal of the Al Baraka Field in the Komombo Concession in southern Egypt, has discovered a new pool in the Six Hills "E" reservoir. The Al Baraka-4 well is currently on-stream producing at a rate more than 5 times the sustained flow rate from any previous well in the field.

The Al Baraka-4 well was spudded on December 5th, 2009 and reached total depth of 1470 meters. It is located 470 meters to the southwest of Al Baraka-2 well. The well encountered 16 meters of net oil pay in the previously defined reservoirs in addition to 8 meters in the new Six Hills "E" layer. The new reservoir is proving to be more productive than the currently producing zones, having tested oil with natural flow to surface at a rate of 220 bopd. It is the first well on the Concession to flow oil to the surface through the natural energy of the reservoir, without requiring artificial lift. The well was also tested with artificial lifting at a maximum rate of 1300 bopd. The volume of reserves discovered is under evaluation.



Dana Gas had its most prolific year in 2009, a record the CEO is keen to build on.

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Oil & Gas Middle East met Ahmed Al-Arbeed at his Sharjah HQ.

CEO PROFILE:

In April 2009, Ahmed Al Arbeed was appointed CEO of Dana Gas, bringing with him more than three decades of regional oil and gas experience, including being Managing Director of Kuwait Oil Company and Kuwait Foreign Petroleum Exploration Company (KUFPEC) within Kuwait. He has been with Dana Gas since 2005 as a founder board member.

On Management: “My abilities best lie in managing people. More than anything else in business this is crucial. I have been successful in building a team which can make things happen. The company has stepped up a gear in the last couple of years and we now have the right people in place to take the company to another level. I support empowering my people – I find this the best and most rewarding way to operate”

in formations which were not well understood.”

The success rate in Egypt has been prolific, and Al Arbeed says with the accrued wisdom from last year, 2010 will be an even busier year for his drilling engineers. “We are now in a position to drill more – Essentially taking more risks – because they are calculated risks. We have a lot of confidence that the areas where we have our concessions will yield even more gas than thought possible.”

KURDISTAN CALLING

Dana Gas, through its 40% shareholding in Pearl Petroleum Company, has become an important foreign investor in the oil and gas sector of the Kurdistan Region of Iraq. At the end of September 2009, the Dana Gas investment in the region was in excess of \$272 million. Gas production from the Khor Mor field at a rate of 90 million standard cubic feet per day (“MM scfpd”) which was delivered to power stations at Erbil and Bazian, ensuring that families in a long-neglected region received a reliable source of energy. “Supplying this area and its people with a reliable electricity supply was one of the key reasons Pearl Petroleum got on board with this project,” explains Al-Arbeed.

Throughout last year work progressed on construction of the LPG plant at Khor Mor, which will enable production to increase to 300MM scfpd in 2010, with the increased condensate production and LPG that will be extracted from the gas stream considerably increasing revenue to PPCL. Studies continued throughout the year to evaluate the Khor Mor and Chemchemical reservoirs which

are highlighting the fact that these are two potentially world class gas fields.

In May 2009 the extent and value of these fields was demonstrated by the fact that OMV, the Austrian oil and gas company, and the Hungarian oil and gas company, MOL, each purchased a 5% interest in PPCL from Dana Gas in exchange for \$175 million in cash, and MOL shares to the value of \$175 million respectively. This transaction also brings a major strategic advantage to Dana Gas because MOL and OMV, two major European energy companies, between them own one third of the proposed Nabucco pipeline which will provide an attractive potential export route for gas from the PPCL fields to Europe.

REGIONAL VISION

Al-Arbeed says that opportunities remain strong in other countries, stretching the reach of the Sharjah-based company across focus areas as diverse as Oman, Yemen, Egypt, Algeria and Syria.

“Wherever we feel there are countries in the MENASA region which fit with our strategy then we feel we are a good partner to optimise the benefit of the whole gas cycle, both for our shareholders and for the host nation.”

The chief executive says in that regards, the mission and vision of Dana Gas is unique in its field. “We explore and produce gas, but we are equally interested in building an integrated gas infrastructure throughout the midstream and downstream. I think that is exactly what countries in this region want – to develop their wider economies.”

HOME FRONT

Closer to home, Al-Arbeed confirms that work is continuing on the 1000km² offshore concession in Sharjah, which includes the Zora gas field, discovered in 1979. Development costs of the field are estimated at around \$150 million. “The Zora Field can produce between 40 – 55 million scfpd. That will be an important asset to Sharjah and we hope we can get gas flowing as quickly as possible.”

Part of the field actually sits in Ajman, (a neighbouring Emirate). “We look forward to being an important strategic partner to both Emirates. It’s also great to be involved in an important project on our home turf,” he adds. The CEO is hopeful that the project will lead to more work in the UAE.

“Once we bring this online we hope we will be involved in bigger projects too, because the United Arab Emirates has a lot of fields, and a lot of potential, and we are building this company to help the residents of countries in this region take the maximum benefit from their reserves.”

Reflecting on past successes does not occupy much of Al-Arbeed’s time. He remains resolutely focused on what is yet to come. “Ultimately we see host governments, our shareholders and the companies we form alliances with all as our partners and stakeholders. We are working for all of them and I am completely focused on making Dana Gas a company everyone wants to align with,” he concludes. **Oil&Gas**



A team of engineers inspect the Dana Gas processing plant in Egypt.

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