

# East Med and regional markets

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# Regional markets: Egypt

- **Egypt, Zohr, major highlights in East Med in 2016**
- **Zohr on fast-track to produce 10 bcm/y end of 2017 and rise to 27 bcm/y by 2019**
- **Egypt going through rapid transformation due to:**
  - **President Al-Sissi has pulled all stops**
  - **Egyptian market hungry for gas**
  - **High gas prices between \$4-\$6 per mmBTU**
- **Egypt can bring onstream 50-60 bcm/y new gas by 2019-20**
- **Can resume LNG exports by 2021-22**
- **Impacts hopes of Cyprus and Israel to export gas to Egypt**
- **Risks: ability to pay debts and security**

# Israel and the Leviathan factor

- **Regulatory framework deal has been approved**
- **Sales to Idku may be thwarted by commercial and geopolitical challenges**
- **Question: what will Shell do with BG's assets in Egypt?**
- **Possible market: Turkey**
- **Israel-Turkey have resumed diplomatic relations**
- **May open the way for export of Israeli gas to Turkey, but...**

# Regional markets: Turkey

- **Diplomatic activity with Israel has now produced results**
- **Confrontation with Russia threat to its gas supplies**
- **But Turkey-Russia relationship thawing**
- **Israeli gas an alternative but Cyprus in the middle**
- **Turkey re-evaluating future energy mix**
- **East Med gas may no longer be an urgent priority**
- **Rapprochement with Israel opens way for Leviathan gas**
- **But there are risks**

# Cyprus

- **Priority Cyprob negotiations**
- **Third offshore licensing round – blocks 6, 8 and 10**
- **Total to drill in block 11 early 2017**
- **Aphrodite gas exports stalled**
- **This leaves Turkey**

# Concluding remarks

- **If and when Cyprob is resolved it may open up exports to Turkey, possibly in cooperation with Israel**
- **There are opportunities for the region to export its gas, but not at any price and at any time!**
- **Political will alone will not make projects happen – industry/banks invest only in low risk commercially viable projects**
- **Sooner than later East Med and Cyprus will have to face and meet commercial realities if they are to succeed**
- **The global and regional energy and gas scene has been undergoing rapid changes and future policies and development plans can become rapidly outdated unless reviewed and updated regularly. Realism and pragmatism needed.**