

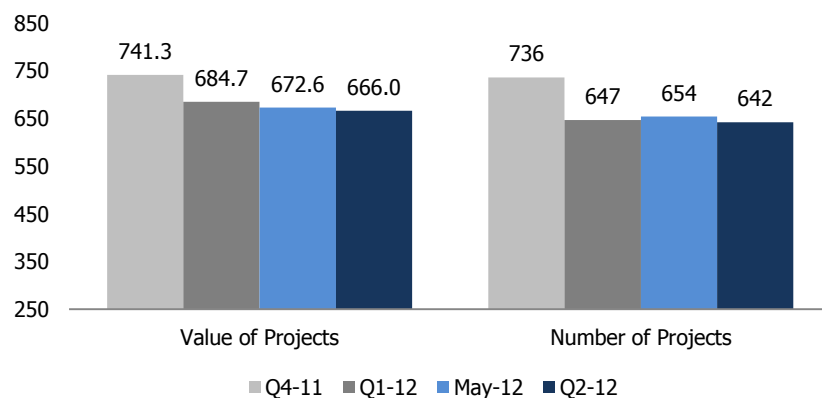
Regional Petroleum Projects Commentary

June 2012

Petroleum Major Projects Highlights

As of June, the total value of planned projects in the regional petroleum sector is estimated at \$666.0 billion. This represents an effective decrease of about \$6.6 billion since the last month. The number of major petroleum projects planned over the next decade stood at 642, a decrease of 12 projects over the month (after adjusting for the 60 projects worth \$3.2 billion that are no longer tracked due to lack of clarity).

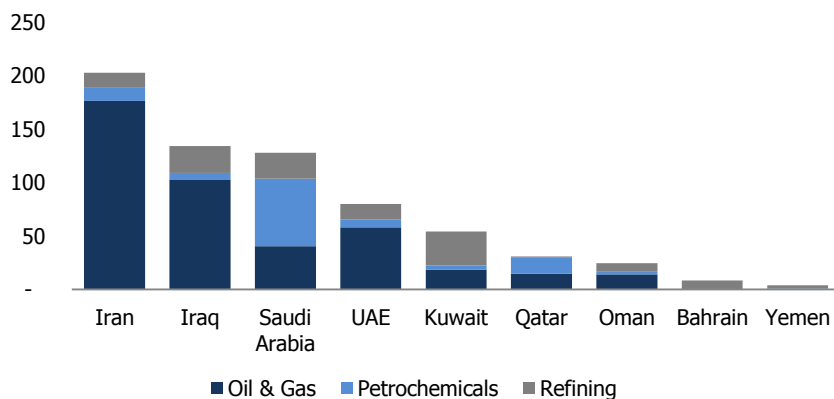
Value (\$ Billions) & Number of Upcoming Petroleum Projects



Source: MEED Projects, Markaz Analysis

In terms of the number of planned petroleum sector projects Saudi Arabia is leading, whereas in terms of cumulative value Iran continues to lead. On a month-on-month change basis, projects in UAE witnessed the highest decrease of around \$18.5 billion, attributed to the petrochemicals sector, whereas projects in Saudi Arabia witnessed an increase of around \$9 billion.

Value of Upcoming Petroleum Project (\$ Billions)



Source: MEED Projects, Markaz Analysis

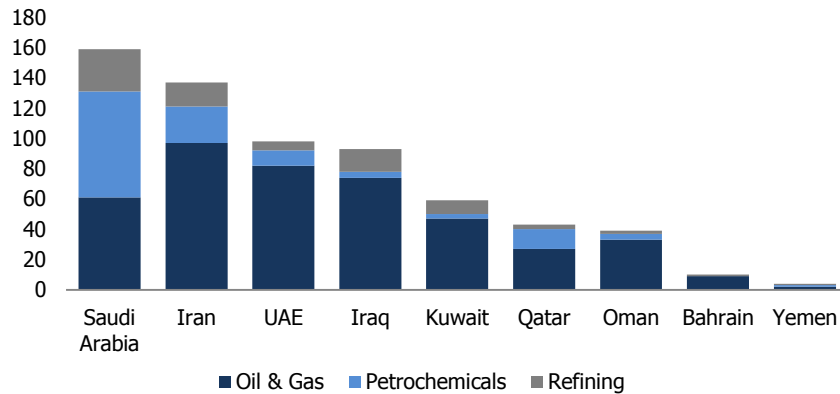
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From a segment perspective, the value of total refining projects increased by \$5.6 billion whereas the total petrochemicals projects decreased by \$11.2 billion. The value of regional upstream oil & gas projects witnessed minimal changes on a month-on-month basis.

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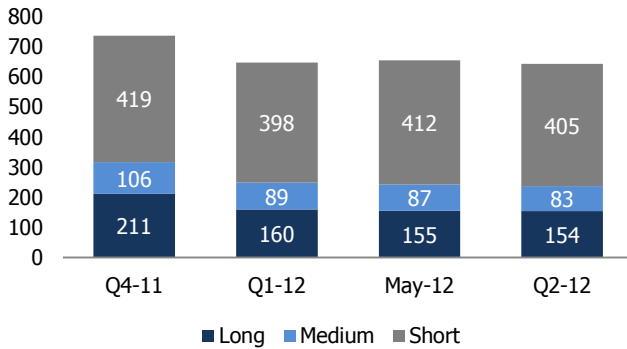
Number of Upcoming Petroleum Projects



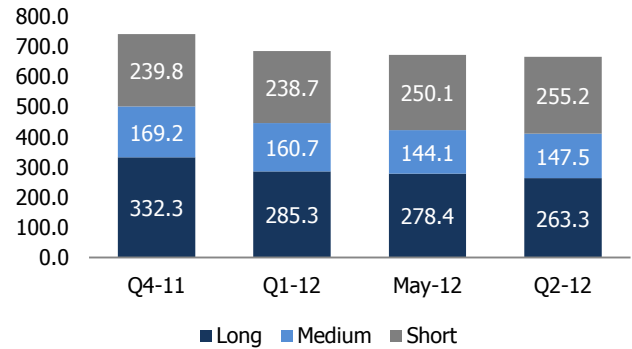
Source: MEED Projects, Markaz Analysis

A review of the timing of the upcoming petroleum sector projects indicates that a large proportion of the projects continue to have a short-term horizon. During the month, the mix of timing of projects has changed slightly; 7 projects were removed from the short-term horizon, whereas 4 projects were removed from the medium-term horizon. The value of long-term horizon projects decreased by about \$15 billion whereas the value of those with a short-term horizon increased by about \$5 billion.

Petroleum Project Timing (Number Of Projects)



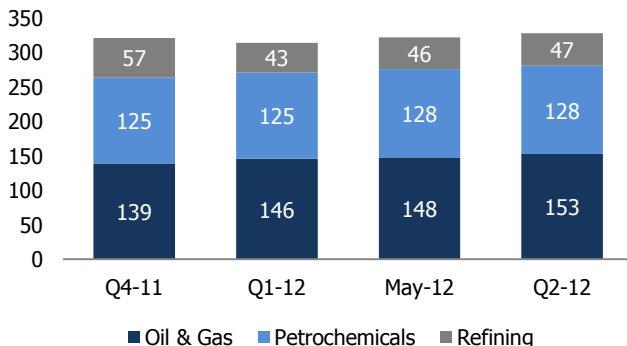
Petroleum Project Timing (Value in \$ Billions)



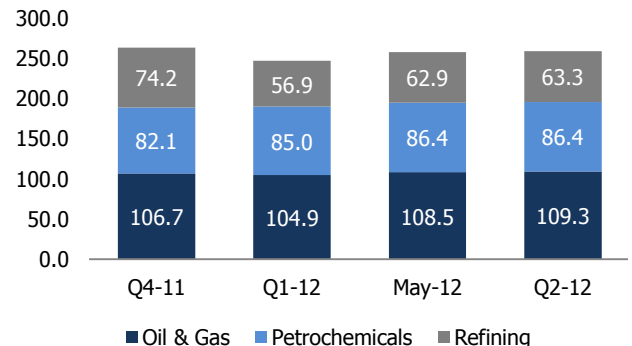
Short: Post-tender, Medium: Pre-tender, Long: Concept & Feasibility
Source: MEED Projects, Markaz Analysis

The number of cancelled/on-hold projects in the upstream oil & gas segment increased by 5 projects whereas their total value increased by \$0.8 billion over the month. Upstream oil & gas projects continue to be most affected in terms of cancellations or being placed on-hold.

Cancelled/On-hold Projects (Number of Projects)



Cancelled/On-hold Projects (Value in \$ Billions)



Source: MEED Projects, Markaz Analysis

Current News on Major Regional Petroleum Projects

Saudi Arabia:

- **Kayan awards design contract for Jubail plant:** Saudi Kayan Petrochemical has awarded a design contract to Jacobs Engineering Group. The contract is for the development of a process design package (PDP) and FEED package for the build of an ultra-high-molecular-weight polyethylene plant in Jubail.
- **South Korea construction firm wins \$1.8 billion deal:** GS Engineering and Construction won a \$1.8 billion deal to build four petrochemical plants and other facilities in Saudi Arabia. The company said it would build the plants by 2015 under a deal with Aramco and Japan's Sumitomo Chemical.
- **Three companies win contract for Elastomers Plant:** SABIC said that its KEMYA subsidiary has awarded EPC contracts to three international companies for a \$3.4 billion elastomers plant in Saudi Arabia's Jubail industrial city. Daelim Industrial, Technip SA, and Tecnicas Reunidas received the contracts.

Kuwait:

- **Mina Al Ahmadi refinery plans projects worth KD 1.31 billion until 2016:** Kuwait's Mina Al Ahmadi Refinery plans to implement capital projects worth KD 1.31 billion (\$4.68 billion), until 2016. Some of these projects are under way while others are at the study and design stages and the refinery will start implementing them after it gets the necessary approvals.

UAE:

- **First oil flow through UAE Hormuz bypass:** UAE should be able to export nearly half of its crude without using the Strait of Hormuz for the first time from early July, with a new pipeline expected to pump a million barrels to the Gulf of Oman. The strategic bypass pipeline allows the UAE to pump oil from fields in the west of the country to its eastern port of Fujairah. The new pipeline has a nameplate capacity of around 1.5 million b/d, compared to total UAE exports of around 2.4 million b/d.
- **Samsung Engineering gets \$2.48 billion plant construction project:** Samsung Engineering received a \$2.48 billion order to construct a petrochemical plant for TAKREER. Samsung Engineering will design, construct and test-run the plant. The contract begins in July and ends in January 2016.

Bahrain:

- **Tatweer to invest \$4 billion over 4 year:** Bahrain's Tatweer Petroleum Co. plans to invest between \$3 billion and \$4 billion in the next four years mainly to drill wells. The Gulf state's oil production is expected to grow to more than 50,000 b/d by the end of 2012 compared with 40,000 b/d at present.

Oman:

- **IPIC and Oman Oil to build refining & petrochem complex:** Abu Dhabi's International Petroleum Investment Co. has formed a 50-50 JV with Oman Oil Co. to own and develop a refinery and petrochem complex in Duqm, Oman. The JV is to build a refinery in the first phase targeted for completion in 2017 with a capacity of 230,000 b/d. The second phase is to encompass the petrochemical complex.
- **Government plans to award three oil blocks:** Three onshore oil blocks will be awarded to multinational firms for development on production sharing basis this year, as part of a larger strategy to boost oil output in the long run. These oil blocks are 51, 55 and 58.

Iraq:

- **US company secures \$843 million oilfield contract:** Weatherford has secured a crucial \$843 million oilfield facilities contract from an Eni SpA led group that will boost oil production from Iraq's al-Zubair oil field by some 300,000 b/d.
- **Iraq to offer Kirkuk refinery for BOO bidding:** State Company for Oil Projects (SCOP) will offer the construction of the Kirkuk oil refinery in the south of Iraq to international companies on a BOO basis in December 2012. The refinery will cost approximately \$6 billion, with a capacity of more than 150,000 b/d.
- **Iraq to hold new licensing auction:** Iraq is planning to hold a fifth licensing auction for exploration blocks by the end of this year or at the beginning of 2013 after its last round failed to attract many companies. Iraqi oil ministry is expected to improve the contracting terms for the new bidding round.

Iran:

- **Iran plans to invest \$50 billion in joint oil fields:** The Iranian Oil Ministry plans to invest \$50 billion for developing joint oil fields in the current Iranian calendar year which started on March 20. Iran shares joint oil fields with the United Arab Emirates, Iraq, Qatar, Kuwait, Oman, and Saudi Arabia.

Source: Bloomberg, Zawya, TradeArabia, ArabianBusiness, and others

Monthly Focus: Yemen

Yemen currently has approximately 4 projects upcoming in the petroleum sector, with an estimated cumulative value of \$3.7 billion. These projects are focused heavily on the refining segment.

One of the major projects is the ARC - Aden Refinery Upgrade project that is currently in the study phase, and has an estimated budget of \$3 billion. Aden refinery is one of the oldest refineries in the region. It was built by BP Company in 1952 and started production in 1954. The Government of Yemen acquired ownership of the refinery through a peaceful settlement in 1977. Yemen has a total crude oil refining capacity of 140,000 b/d. The Aden refinery, which had a design capacity of 170,000 b/d, sustained significant damage during the 1994 civil war, but was later partially rebuilt. In order to meet the needs of the domestic market of oil derivatives, Aden Refinery Company (ARC) plans to upgrade the Aden refinery. The scope of the project includes debottlenecking of the crude distillation and gasoline units, hydrocracker, power plant, and computerized control systems. In June 2012, a company active on the project quoted that study is complete and is awaiting necessary government approval. The project has an anticipated contract award date of Q4 2013 and an anticipated completion date of Q4 2017.

Another major project is the YORCO - Ammonia & Urea Plant project that is currently in the study phase, and has an estimated total budget of \$0.5 billion. Yemen Oil Refining Company is set to build a new fertilizer plant in Aden Free Zone. The facility will supply both the local agricultural market and the export market. YORCO was founded in 1996 in accordance with the Republican Decree No.46/1996, as a subsidiary of the Yemen General Corporation for Oil and Gas. It is considered one of the most crucial economic entities in Yemen, and a strategic affiliate subsidiary of the Ministry of Oil and Minerals. Yemen is a country based in large part on agriculture, and needs huge projects like investment in fertilizer manufacturing, for the benefit of local crops, as well as to export the surplus. The project has an anticipated contract award date of Q4 2013 and an anticipated completion date of Q3 2015.

Source: MEED Projects, Markaz Analysis

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 GCC Water (2011)
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MENA Real Estate

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- Southern Province Cement Co (Mar-10)
- Saudi Electricity Company (Feb-10)
- Saudi Arabian Mining Co (Feb-10)
- Yamama Saudi Cement (Feb-10)
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- Kingdom Holding Co (Dec-08)
- Saudi Kayan Petro Co. (Aug-08)
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Kuwait

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- Qurain Petrochem. Ind. (Aug-10)
- Wataniya (Jul-10)
- Boubyan Bank (June-10)
- Agility (June-10)
- Gulf Bank of Kuwait (May -10)
- National Bank of Kuwait (Mar-10)
- Al Deera Holding (Aug-09)
- Kuwait Finance House (Apr-09)
- Kuwait Financial Centre (Dec-08)
- Commercial Bank of Kuwait (Oct-08)
- National Industries Group (Sept-08)
- Zain (Sept-08)
- Global Investment House (Sept-08)
- Kipco (Sept-08)
- The Investment Dar (Sept-08)
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UAE

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- Union National Bank (Sept-10)
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- Dubai Financial Market (Sept-09)
- ADCB (Jun-09)
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- Aldar Properties (Feb-09)
- Gulf Cement Company (Jan-09)
- Abu Dhabi National Hotels (Dec-08)
- Dubai Investments (Dec-08)
- Arabtec Holding (Dec-08)
- Air Arabia (Nov-08)
- Union Properties (Nov-08)
- Dubai Islamic bank (Oct-08)
- Emaar Properties (July-08)
- Dana Gas (July-08)

Qatar

- Qatar National Bank (Oct-10)
- Qatar Gas Transport Co. (Sept-10)
- QISB (Sept-10)
- Masraf Al-Rayan (Jun-10)
- Commercial Bank of Qatar (Mar-10)
- Qatar Telecom (Jun-09)
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- United Development Co. (Feb-09)
- Qatar Fuel Co. (Dec-08)
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- Qatar Int'l Islamic bank (Nov-08)
- Qatar Insurance Co. (Nov-08)
- Doha Bank (Aug-08)
- QEWC (July-08)

Bahrain

- Batelco (Aug-10)
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- Gulf Finance House (Oct-08)
- Esterad Inv. Company (Aug-08)
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- Tameer (July-08)

Oman

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- Oman Telecommunications (Sept-08)
- Bank Muscat (Sept-08)
- Oman cement (Sept-08)
- National Bank of Oman (Aug-08)
- OIB (July-08)

Jordan

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- Cairo Amman Bank (Oct-08)

Morocco

- Maroc Telecom (Mar-10)

Egypt

- Sidi Kerir Petrochemicals (Jul-10)
- Egypt Kuwait Holding (Mar-10)
- Commercial Int'l Bank (Oct-08)
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- EFG-Hermes (Jun-08)

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