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International oil and gas companies are seeking new deposits as existing fields become depleted. **Fairfax**

by **Anthony DiPaola**
Eni SpA discovered a "super giant" natural gas field offshore Egypt in what the Italian oil company said is the largest find in the Mediterranean Sea.

The deep-water deposit in the Zohr Prospect in the Shorouk block may hold 30 trillion cubic feet of gas, equivalent to 5.5 billion barrels of oil, Eni said in an e-mailed statement Sunday. Eni, which wholly owns the license for Shorouk, said the discovery validates its strategy of exploring mature areas. Egypt's petroleum ministry confirmed the discovery in a separate statement.

"Egypt has still great potential," Claudio Descalzi, the company's chief executive officer, said in the statement. "This historic discovery" will transform the energy industry in Egypt, he said.

International oil and gas companies are seeking new deposits as existing fields become depleted. Egypt's energy demand is rising as the Arab world's largest population grows, making the country more reliant on imports provided by Persian Gulf states. The latest discovery will contribute to Egyptian supply for decades, Eni said.

"A find of this size should be enough to cover a lot of Egypt's energy gap," Robin Mills, a Dubai-based analyst at Manaar Energy Consulting, said by phone Sunday. "They'll likely have to meet domestic needs first, before any export plans are discussed. This will also put a damper on Israeli plans to export gas to Egypt."

Eni will likely sell most of the fuel into Egypt's domestic market, said a spokesman, asking not to be identified citing company policy. With a minimum development period of at least four years, it would be about 2020 before any production started in the Shorouk block, Mills said. Eni said it planned to appraise the field and start "fast track development." It didn't provide a time line for the project.

Companies including Noble Energy Inc., which are developing gas fields in Israel, have been pushing plans to export the fuel to Egypt since the start of the year. Delek Group and partners in the Tamar field signed an export contract with Egyptian buyers in March.

Eni is looking to divest some of its peripheral businesses as a drop in global oil prices puts pressure on earnings. The company has asked advisers to look at options for assets including interests in Nigerian oil and gas fields. In March, Eni became the first major oil company to announce a dividend cut after prices slumped.

Egypt is the first foreign country Eni expanded into from its home base in Italy in 1954. The Rome-based company already produces gas in Egypt and is a partner in a venture operating a gas liquefaction terminal at Damietta on the Mediterranean coast.

Descalzi, who became CEO a year ago, met Egyptian President Abdel-Fattah El-Sisi along with the country's prime minister to discuss the discovery on Saturday in Cairo, according to the Egyptian petroleum ministry statement.

Descalzi led Eni in its largest natural gas find at the Mamba field in Mozambique, where the company has found 75 trillion cubic feet of gas in the offshore deposits of its Area 4.

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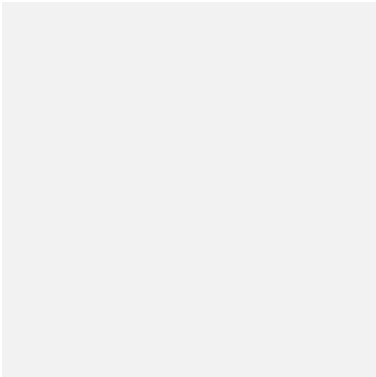
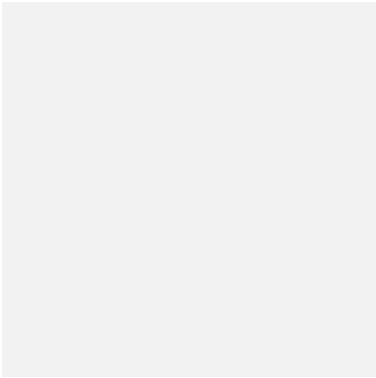
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