

ENERGY ON THE MOVE

ALGERIA



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Hess Corporation has been actively involved in Algeria's oil and gas industry for over 20 years. Building on its established oil trading relationship with Sonatrach, Hess has built the foundation for a successful, long-term business in Algeria.

At the heart of Algerian operations is the Gassi El Agreb redevelopment project, a joint venture with Sonatrach that commenced in 2000. The SonaHess partnership has been highly successful, doubling production and embarking on a second phase of development to enhance output.

Hess is ready to build on its successes and is always looking for new business opportunities in Algeria.

### Gassi El Agreb

- ▶ Located 700 km southeast of Algiers.
- ▶ Production Sharing Contract signed in April 2000.
- ▶ SonaHess joint operating company (Hess 50%).
- ▶ Project covers integrated facilities for production from the El Gassi, Zotti and El Agreb fields.
- ▶ Phase 1:
  - Extensive 3D seismic program.
  - Over 45 new wells drilled and 27 work-overs completed.
  - Refurbishment of production infrastructure and installation of new equipment.
  - Implementation of a successful gas re-injection pilot.
  - Upgrades to Base de Vie field support facilities.
  - Significant commitment to staff training and development.
  - Production increased by over 100% to approximately 60,000 barrels per day.
- ▶ Phase 2: Gas Compression & Reinjection:
  - Miscible flood at El Gassi
  - 88 mw power generation plant
  - 110 mmscfd gas re-injection system
  - 110 mmscfd gas lift system
  - 120 mbwpd water injection system
  - Upgraded produced water treatment and re-injection systems
  - 18" gas import and oil export pipelines
  - Additional oil storage
- ▶ Hess is Sonatrach's biggest customer for straightrun fuel oil which is used as a feed stock in the Post Reading refinery. This is a long standing relationship with volumes currently at 1.25 mmbbls per month.



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## Exploration

- ▶ Blocks 428 and 429 awarded in 5th round, 2004.
- ▶ Agreb northwest permit located immediately west of Gassi El Agreb fields.
- ▶ Area covers 9,700 square km.
- ▶ Program of 2D seismic and drilling in progress.
- ▶ Hess working interest 100%.

## Social Responsibility

- ▶ In line with Hess core Values, the company is active in supporting local communities in Algeria.
- ▶ Support is focused on education and health projects in communities both in the north and south of the country.
- ▶ Education support includes donations of computers and printers to schools and cultural organizations.
- ▶ Medical equipment has been provided to hospitals, specialist pediatric and optometric centers, and volunteer groups.
- ▶ Hess has also provided donations and active support in the aftermath of the natural disasters that struck Algeria in 2001 and 2003.

## Regional Context

- ▶ Hess has a growing portfolio of interests in North Africa.
- ▶ In Libya, Hess is part of the Oasis Group which reached agreement in December 2005 to re-enter its extensive assets in Libya.
- ▶ Offshore Libya Hess holds 100% working interest in Block 54 on which seismic data has been acquired ahead of planned drilling.
- ▶ In Egypt, Hess acquired an interest and has become operator of the Block 1 West Med Deepwater Development Area.
- ▶ Development plans for the cluster of West Med gas discoveries are being formulated.
- ▶ Additional exploration opportunities are being pursued in the West Med area and the extensive North Red Sea blocks acquired in early 2006.

## Development

- ▶ Exploration and appraisal drilling on block 401C has confirmed the BMS field to be a commercial project.
- ▶ BMS field development plan has been submitted to regulator ALNAFT.
- ▶ Development concept discussions continue pending the "BMS Exploitation Permit".

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