

Political, Security and Regulatory Challenges in the Middle East



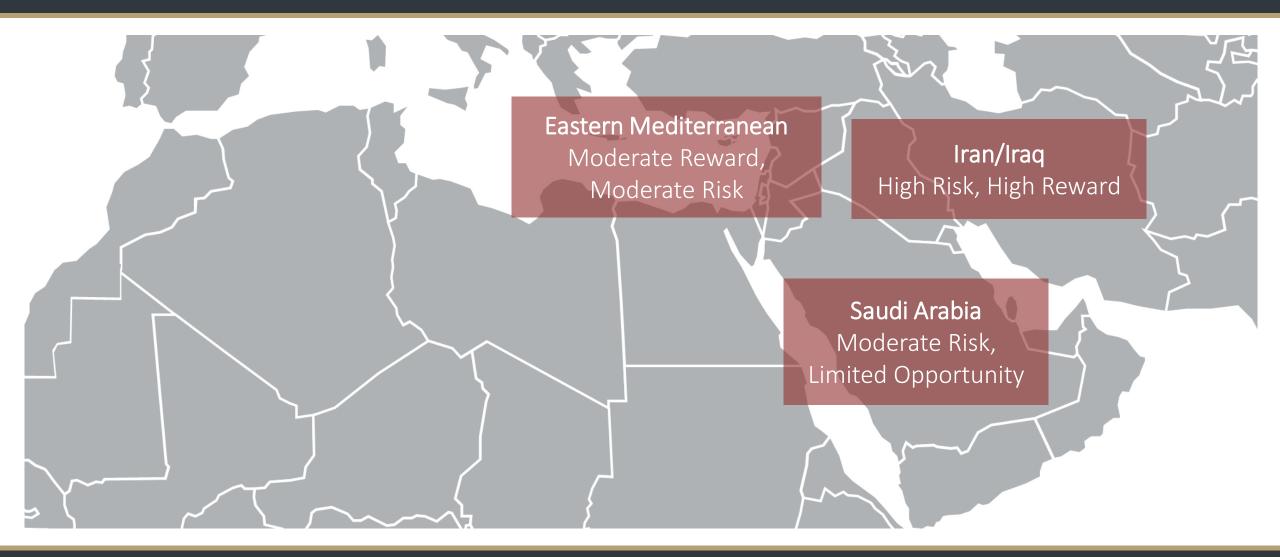
PGI Intelligence

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Overview

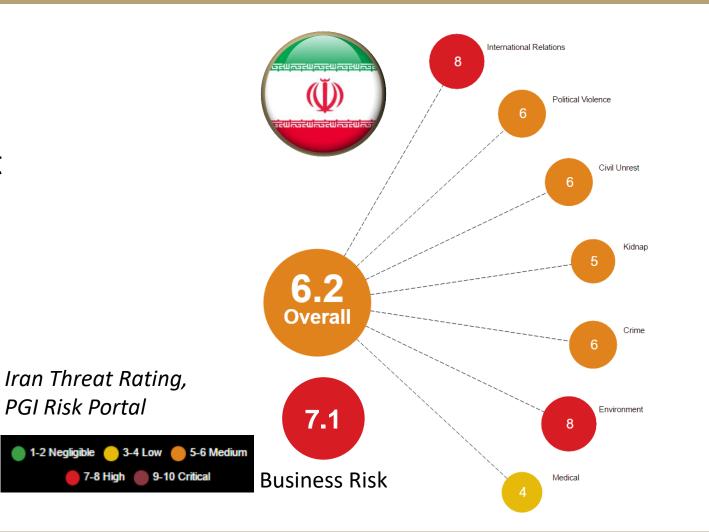




Iran



- Major Opportunity
- Uncertain Environment
- Risks on the Horizon



Iran – Political Uncertainty



- 19 May Presidential Elections
 - Open Ideological Tensions
- Political Divisions Have Implications for Investors
 - Iran Petroleum Contract (IPC)
 - Financial Action Task Force (FATF)



President Hassan Rouhani



Main Conservative Challenger - Ebrahim Raisi

Iran – Internal, External Challenges

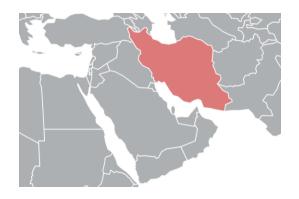


Domestic Challenges

- Banking Issues
- Corruption
- Opaque, Protectionist Economy

External Challenges

- Regional Tensions
- Trump Iran Policy
 - Nuclear Deal Review, Sanctions





Saudi Arabia

- Significant potential
 - Reserves at 266.5 bn barrels
- Upstream Gas Opportunities?
- Aramco Privatisation

ارامكو السعودية Saudi Aramco

Government estimates value at USD 2 trn Initial planned sale of **5 %**

IPO expected by 2018



Saudi Arabia

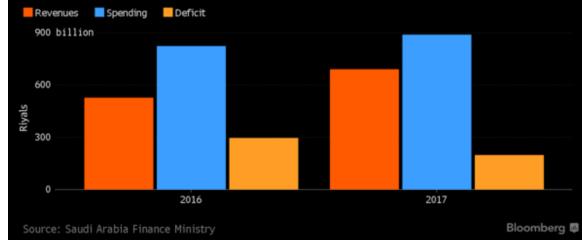


Wider Considerations

- Security Issues
 - Eastern Province
 - Islamic State Threat
- Economic Reform Programme Vision
 2030

Deficit Reduction

Saudi Arabia plans higher spending and lower budget gap thanks to increase in oil revenue



Vision 2030

To boost private sector from 45 percent of GDP to 60 percent

Iraq



Northern Iraq / Kurdistan

- Security
 - IS, PKK Conflict
 - Pipeline Challenges
- Payment Issues
- KRG-Baghdad Tensions

Southern Iraq (Baghdad-controlled fields)

• Security

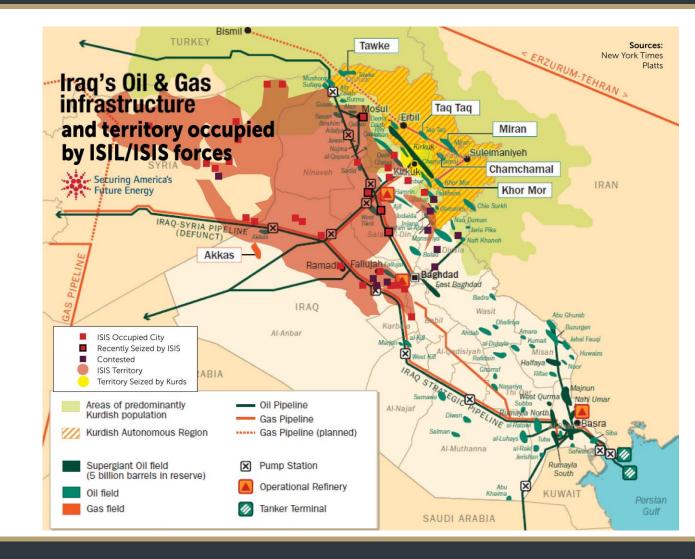
- Crime, Kidnap, Civil Unrest
- Regulatory considerations
 - Service Contracts
 - Payment Issues



Iraq – Post IS Conflict



- Future of Sunni Insurgency?
- Ethnic-Sectarian Relations



• Significant offshore gas potential

- Only Israel Monetised
- Infrastructure Challenges
 - Cyprus, Israel
- Regulatory Issues
 - Israel, Lebanon

Field Production Goals Aphrodite LE Zohr Phase 1 10 bcm Zohr Phase 2 18 bcm Tamar Zohr Leviathan Phase 1 12.4 bcm Leviathan Leviathan Phase 2 9.3 bcm Tamar Expansion 20 bcm total 50 mi 100 km Damietta LNG_ Ashkeld Idku LNG ISRAE EGYPT Source: World Energy Atlas: 7th Edition, Company Reports, Stratfor Anal Existing natural gas pipelines --- Planned natural gas pipelines --- Exclusive Economic Zones

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Eastern Med





Thank you

Questions?

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