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New Developments in Middle East Exploration - an Overview

Little or nothing in the way of significant new plays has emerged in the Middle East since Saudi Aramco's huge Hawiyah Jauf discovery (which, with follow-up success, has added ~30 tcf reserves in the last 5-6 years) and PDO's Lower Palaeozoic gas play (~25 tcf) in the early 1990s, and PDO's Infra-Cambrian Athel silicilite play in the late 1990s (STOIIP >2 billion bbls, but only ~300 mmbo added to reserves to date).

Active Middle East exploration is currently strongest in those countries where IOCs are welcomed; where terms and conditions have been relaxed; or where border settlements have enabled licensing of areas hitherto sub judice. With these (few) exceptions, and with Iraq still off limits, exploration has been limited by the fact that progress towards win:win relationships between IOCs and host Governments has proved intractable (Saudi Arabia, Kuwait), whilst in Iran the framework of buyback contracts - acceptable for lower risk Development projects - has been largely unacceptable for higher risk Exploration projects.

In addition, Middle East Opec nations are focusing their efforts on major investments in capacity-enhancing secondary recovery and gas utilization projects, rather than on exploration: indeed, levels of exploration per unit of daily production in Middle East Opec states are the lowest in the world - arguably reflecting the buffer provided by their huge, but increasingly more difficult-to-extract, reserves.