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## Orascom receives construction contract worth USD 280 million

*Tuesday, 26 May, 2009*

Egyptian Orascom Construction Industries announced that it has been awarded a USD 280 million contract for construction work on the El Merk Central Processing Facility in Algeria.

The USD 3.8 billion El-Merk oil and gas production hub will be located in Block 208, 250 kilometers south east of Hassi Messaoud in the Algerian Sahara Desert.

The El Merk CPF will serve as a production hub for the region, processing hydrocarbons initially from Block 208, operated by Groupement Berkine, an Algerian entity that is co-managed by state owned energy company Sonatrach and US-based Anadarko, the unitised EMK field located on a portion of both Block 208 and the Sonatrach/ConocoPhillips operated Block 405a. OCI, in a 50/50 JV with Bentini of Italy, signed a USD 230 million contract directly with Groupement Berkine for the CPF's 'Base de Vie' and Industrial Base facility. The package let on a design and build basis includes all necessary infrastructure and buildings for the CPF.

In addition, OCI signed a USD 170 million contract with Petrofac International LLC, who were awarded the principal EPC contract for the El Merk CPF last month, for civil and structural steel works on the facility.

The required steel structures and platforms will be supplied by National Steel Fabrication a subsidiary of OCI, from their production plants in both Egypt and Algeria.

The contracts will take approximately 30 months to complete and are scheduled for completion during Q4 2011.

The project, one of the largest in Algeria was put on hold in March 2008 because of a drop in forecast oil output and tensions between the developers, Sonatrach and Anadarko. The project has been re-launched in March 2009.

The development includes a central processing facility, export pipelines and facilities infrastructure. It was originally meant to have a production capacity of 108,000 barrels per day of crude oil, 55,000 barrels per day of condensate and 75,000 barrels per day of liquefied petroleum gas.

(Sourced from Arabian Oil And Gas)

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