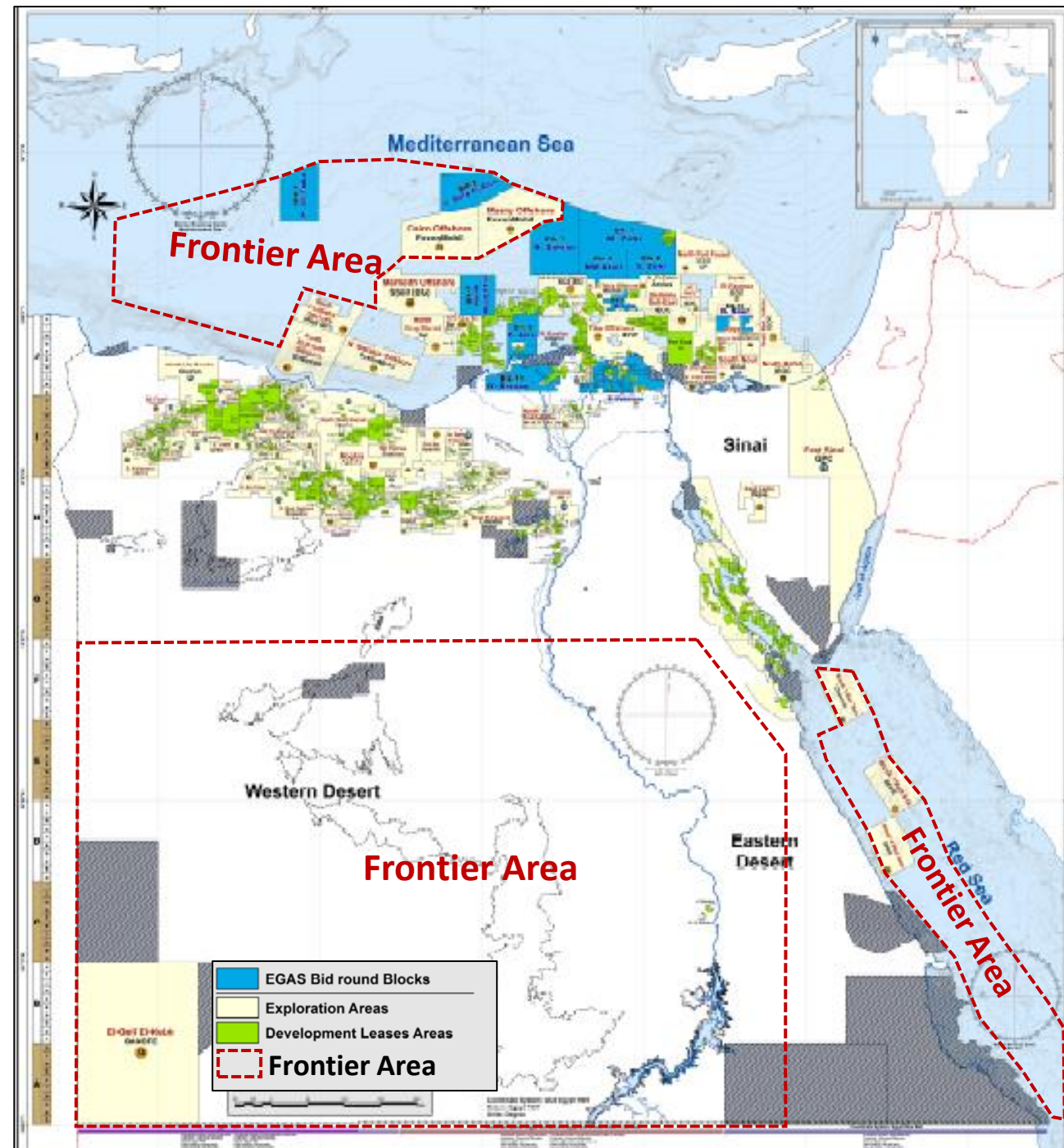


# Criteria to Apply R. Factor

- Frontier blocks where exploration operations have not been conducted before and therefore no geological or geophysical data is available, or where drilling and even the available geological and geophysical data don't conclude the presence of good prospects with reasonable materiality and low risk elements, especially in the deep western areas of the Mediterranean Sea where water depths exceed 2,500 meters, Red Sea basin and southern Western Desert.

**This frontier area, marked on the map, will be reviewed every two years based on exploration activity, wells drilling status and results.**



## Criteria to Apply R. Factor

- **Far distance from existing facilities**, which requires the establishment of new petroleum facilities that require huge investments Which in turn will affect the economics of the project.
- **Blocks with a high-risk rate**, especially blocks where the existence of an integrated petroleum system has not been confirmed.
- **Blocks that require high investments to implement an exploration and development program**, and therefore the contractor cannot recover all of its expenses when applying the current production-sharing system.
- **HPHT Reservoirs**: significant challenges is to control the drilling operations in high pressure/high temperature wells, besides need special facilities to adapt these types of reservoirs.