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## Africa Oil & Gas Monitor

Issue 710 10 • October • 2017 Week 40

### Reform

Algeria is making plans to change its hydrocarbon laws, again.

### Big push

Tanzania has high hopes for domestic exploration and has brought in Ugandan assistance.

### Cost cuts

Sonangol has cut costs over the last few years and is removing unnecessary bureaucracy.

### Expansion

CH2M has signed up to work on the Tortue development, while BP and Kosmos are also pursuing blocks in Sao Tome.

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# Algeria poised to overhaul oil and gas law

## Change is coming to Algeria's hydrocarbon legislation, but dramatic moves are unlikely, writes Kevin Godier

**ALGERIA**

**WHAT:**
**Algeria is shaping to amend its energy law before the end of the year.**

**WHY:**
**The government needs fresh oil and gas investment from overseas.**

**WHAT NEXT:**
**A new licensing round is expected once legislation is passed.**

IN what seems like a positive signal to the international oil and gas industry, Algeria is reportedly planning to amend its energy law before the end of the year, to help the government attract more foreign investors and mitigate a fall in global oil prices. Any new law would be expected to facilitate foreign oil and gas exploration, probably by improving contract terms, but is less likely to open up the country's still-untapped shale resources.

Ahmed Ouyahia, recalled in August as prime minister, said last week that it was necessary to amend the energy law, in comments that followed a similar opinion from Sonatrach's chairman, Abdelmoumen Ould Kaddour. A senior source at Sonatrach, quoted by Reuters on October 3, said "the law will be amended before the end of this year".

A new hydrocarbons law could be a significant development for the North African country and OPEC member, which has seen a reduction of more than half of its energy earnings since 2014 owing to plummeting oil and gas prices. For international investors, the big hope will be that changes will be made to the controversial windfall tax, introduced in 2006 but seen by foreign explorers as a major disincentive. Several companies have ended up in dispute with Sonatrach over the tax, including Anadarko Petroleum and Denmark's Mærsk Olie Algeriet.

Some signs of a more flexible approach have shone through. In particular, the April 2017 settlement reached by Sonatrach with Total over the French company's complaint that in the mid-2000s Algeria changed the profit-sharing terms on oil and gas contracts. This rapprochement then led to a new deal with Total over a delayed gas project at Timimoun in the Sahara desert, which is at the heart of fresh plans to lift energy exports to Europe.

Momentum continued in June 7, when Sonatrach announced an agreement with Spain's Repsol to consolidate their partnership in energy exploration – and also end their differences over profit-sharing and tax payment arrangements.

Similar approaches will be necessary to stop a slow but steady exit from Algeria over the years by majors. In August, Malaysia's Petronas announced it would divest its Algerian assets to focus on its "portfolio high-grading efforts" elsewhere.

### Obstacles to change

Despite possessing some of the largest gas reserves in the world, Algeria has struggled to increase oil and gas output without major foreign investment. Overseas companies have generally stayed at arms' length, contending that the legal framework is too tough and that contractual terms compress profit margins excessively, even in times of high oil prices. The disadvantageous terms on offer have undoubtedly discouraged bidding for new acreage, as shown by the four rounds offered in the last decade, when just 12 exploration permits were picked up from the total 70 areas available.

If approved, the new law would be the fourth in 12 years for Algeria's hydrocarbons industry, where foreign company's participation remains restricted to 49% of a project's equity and other terms are perceived as excessively favouring the government. A relatively liberal hydrocarbons law was passed in 2005 (Law 05-07), steered by the then energy minister, Chakib Khelil. This was subsequently revised to incorporate a more nationalist tone, including the 2006 windfall tax. A further revision, in 2013, was also disappointing for investors.

Sonatrach's exports generate around 95% of the country's foreign earnings and 60% of the state budget revenue. Decreasing prices have driven a 23% dip in Algeria's oil and gas earnings over the past year. The government depends on Sonatrach to finance its current and investment spending, and has accrued major debts now sitting on the energy company's balance sheet.

Ouyahia has emphasised Algeria's deteriorating financial situation. In a plan of action to stimulate the economy, presented to Parliament in mid-September, raising hydrocarbons production was underlined as an essential element. Energy "will remain for a long time the leading source of the country's external revenues", Ouyahia said.

In the past, the debate within Algeria over oil and gas sector reform usually ran into ▸▸

entrenched opposition to major change from powerful "old guard" elements inside the administration, which typically adhere tenaciously to a state planning mindset.

However, the mood in Algerian politics has shifted notably, as older hardliners who argued for rigid state control over the oil and gas industry have become less dominant. In the wider world, resource nationalist policies in a number of oil-producing countries are morphing into a more pragmatic approach in the face of the deteriorating economic conditions since global oil prices fell from mid-2014.

### Evolution, not revolution

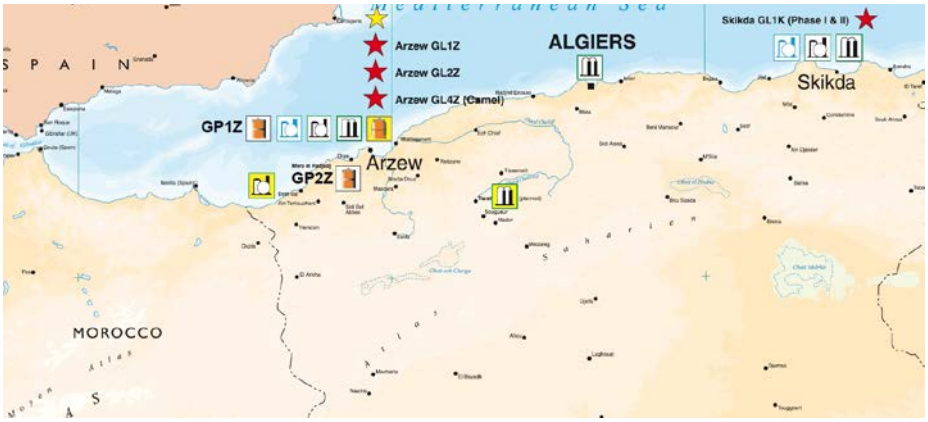
*NewsBase Intelligence (NBI)* does not anticipate radical changes to Algeria's energy legislation. While Ouyahia's plan will almost certainly authorise Sonatrach to offer improved upstream terms to IOCs, moving these closer to international norms and standards, Algeria's long-standing '51/49 rule' is expected to stay in place, limiting foreign investments to minority project stakes.

One new avenue of approach, the Reuters source said, would see more local investors encouraged to enter the oil and gas industry. A path would be opened up for Algerian players, such as Ali Haddad and Reda Kouninef, two high-profile Algerian businessmen who have expressed interest in investing in the energy market in recent years. *NBI* also expects greater incentives to catalyse investment downstream in petrochemicals and refining, among other industries. When the new terms are in place, a new licensing round should follow from Alnaft, the sectoral regulator.

It remains to be seen how soon improved upstream terms begin to include reviving plans to explore for shale gas and other unconventional resources, which were put on hold as an In Salah-based anti-fracking movement in Algeria's south gave voice to its concerns over potential damage to agriculture and water resources in 2014-15.

Algiers has insisted that shale exploitation, for both oil and gas, will ultimately be essential, given Algeria's longer-term need to maintain its energy independence as conventional reserves run down. While Ouyahia has demonstrated some enthusiasm for developing shale resources, he has also shown political caution by stressing that any unconventional hydrocarbons campaign would be promoted only "in strict respect for the environment and the population's health".

More important, for the time being, will be for Algeria to weather the storm of low oil prices and lift near-term oil and gas output. ❖



# BP in Africa

## Faced with industry-wide challenges, BP is focusing on gas opportunities in Africa, writes Nicholas Newman

**CORPORATE**

**WHAT:**
**BP is working on gas plans around Africa.**

**WHY:**
**The company is preparing itself to meet the growing demand for gas power generation in Africa and abroad.**

**WHAT NEXT:**
**To ensure success, BP must keep an even closer eye on costs, project delivery and market opportunities.**

GLOBAL demand for cleaner energy is increasing from industry and the power sector and, as a result, BP is shifting its product portfolio towards gas. The company's energy outlook tallies with this, predicting gas will grow faster, at 1.6% per year, than coal or oil to 2035.

Much of this is being driven by African resources, both for domestic consumption and for export to gas-hungry countries around the world. Encouraged by recent significant discoveries of natural gas around the continent, BP has increased its exploration activities and gas acreage in Egypt, Mauritania and Senegal.

With so much of Africa still underexplored, the continent offers the prospect of substantially raising the company's reserves of gas and opportunities to buy into existing developments. The US$916 million deal for a 62% stake in Kosmos Energy's offshore interests in Mauritania and Senegal offers "a leadership position in an emerging world-class low-cost basin with advantaged access to global gas markets", said a BP representative.

Africa also represents a significant market opportunity. Egypt is the leading example of this for BP, with the company working to meet domestic demand, but there are opportunities elsewhere around the continent. Fewer than 300 million of sub-Saharan Africa's 920 million inhabitants have access to mains electricity. Africa is also expected to account for more than half of global population growth to mid-century.

McKinsey, in its Brighter Africa report of 2015, predicted gas would contribute more than 40% of the electricity needed from 2020 onwards. "Africa is significantly underexplored from a gas perspective, so there is the real possibility of further gas discoveries on the east or west coasts," the report said.

Therefore the continent as a whole offers BP two distinct opportunities: one, to serve fast-growing demand for natural gas in Africa itself; and the second, to serve global markets with LNG.

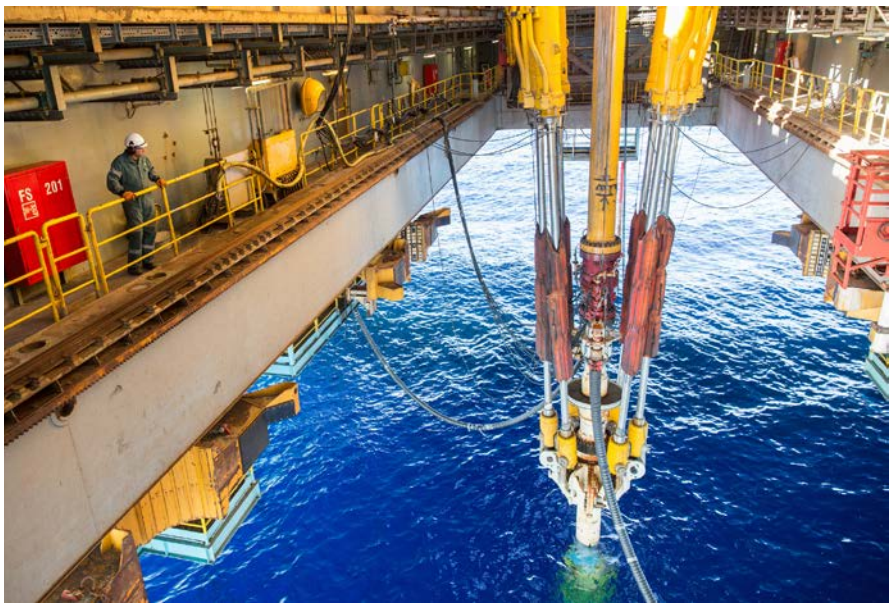
### Domestic demand

Over the last half century BP has proved to be one of the largest investors in Egypt and is producing about 40% of the country's oil. Now BP's interest is focused mainly on natural gas.

Egypt is the largest natural gas market in Africa and demand is forecast to grow by a hefty 4% per year for the next decade at least, according to GCA market analysts. Rapid population growth and the construction of three new power plants, which will add 45% to current generating capacity, together with planned expansion of the pipeline network to domestic and industrial customers, will enlarge the domestic market for natural gas.

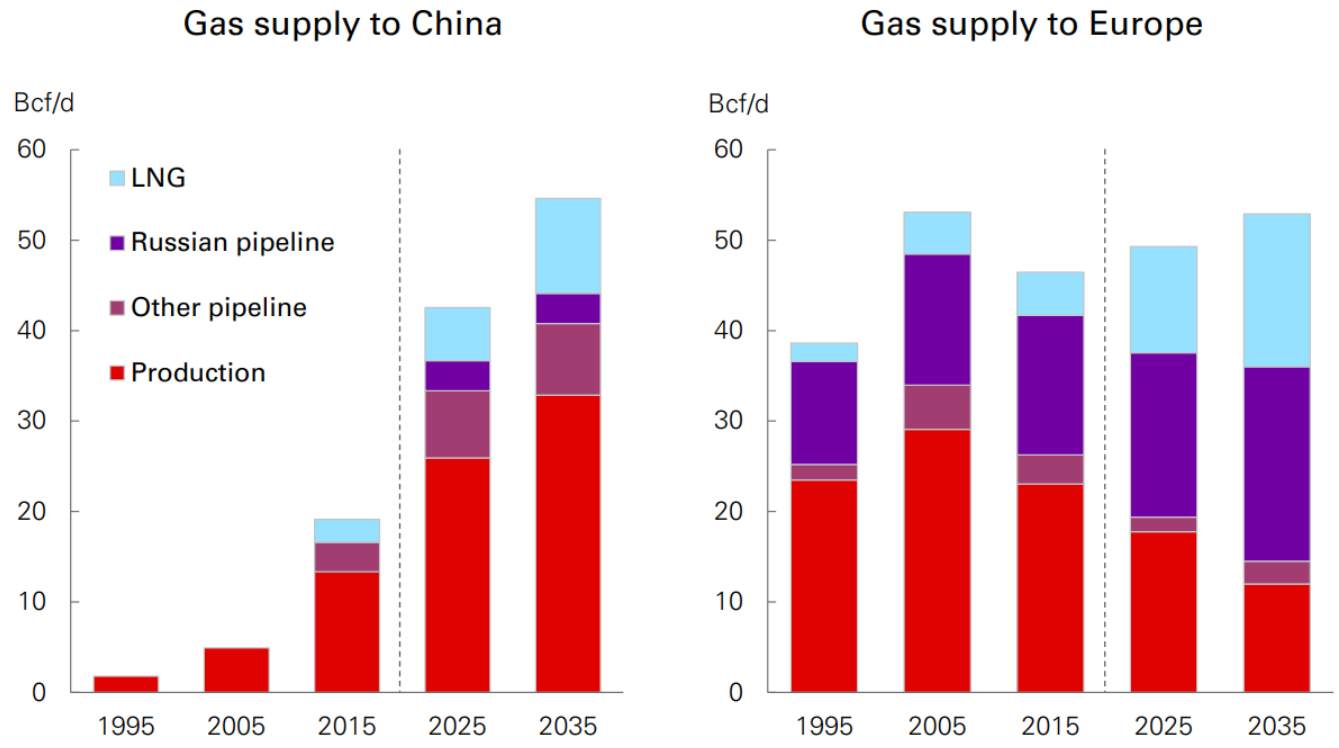
Any surplus could be exported as LNG to overseas markets from existing underused Egyptian LNG export plants.

Of BP's eight potential worldwide commercial discoveries in 2016, one, the East and West Nooros gas fields, is in Egypt. BP's West Nile Delta (WND) Taurus/Libra blocks began producing this year, with another stage, Giza Fayoum Raven (GFR), to begin in 2019.



In addition, BP has bought a 10% interest in Eni's super-giant Zohr field offshore Port Said, containing around 850 bcm of gas. BP's CEO, Bob Dudley, speaking about this acquisition said it would "complement our existing Egyptian business. We already have a strong partnership with Eni in Egypt and look forward to working closely with them to bring these important resources to the Egyptian market."

While the opportunities for ▸▸




Diversity of gas supplies, from BP's Energy Outlook 2017

▸▸ domestic demand are there, BP is taking a more cautious stance on this than some of its peers, such as Eni. The Italian company is working on a number of power plants and gas supply deals around sub-Saharan Africa, such as in Ghana.

One factor slowing companies' efforts in supplying gas for domestic demand has been an infrastructure shortfall. As a result, companies often have to oversee the entire production and delivery chain, from well to consumption.

**Exports**

The company's 2017 Energy Outlook predicted that LNG growth would lead to a "globally integrated gas market, anchored by US gas prices".

BP's principal focus has been on exports from Africa. Algeria, a long-time exporter of gas to Europe, has been helped by BP to maintain supplies from maturing fields. With many of Algeria's gas fields maturing, BP's participation in two major gas developments, the In Salah Gas and In Amenas fields, has been crucial to maintaining output and exports.

In Amenas is Algeria's largest wet gas field. BP and its partners completed the construction of compression facilities to boost output on this maturing field in 2016. This development supplies 11.5% of Algeria's output. A second joint venture completed the four dry gas fields of In Salah Southern Fields project in 2016, with planned production at 9 bcm per year. The produced gas is piped to Enel in Italy.

The UK super-major's involvement with Kosmos is likely to play an important role in gas exports, with plans for two barge-mounted floating LNG (FLNG) units that will commence production in 2021. The Greater Tortue Area, off West Africa, is believed to hold around 1.42 tcm of gas resources, which, if proved, make it comparable to some of the biggest offshore gas developments of recent years in Australia and Egypt.

While this is primarily an export project, gas will also be piped onshore to supply power plants in both Senegal and Mauritania.

Mozambique has also risen to prominence as a result of major offshore gas finds. In October 2016, BP signed a 20-year purchase agreement to buy LNG from Eni, becoming a guaranteed customer for the entire output from the Coral South project, in the Indian Ocean.

This agreement made it possible for Eni to take its long-awaited final investment decision (FID) on this multi-billion dollar FLNG project. BP is said to have considered an investment in the venture, but ultimately opted for just the purchase agreement, according to Bernstein Research.

Gas exploration and development, along with buying in more gas supplies, are the hallmarks of BP's current focus in Africa. Costs of greenfield LNG projects have had a tendency to spiral, particularly in Australia, and FLNG remains a largely untested technology. Despite this, though, BP's African work is positioning th e company strongly for the future.❖

# Tanga pipeline takes shape

UGANDA

THE downstream components of Uganda's maiden crude oil development took anther step forward in September with the ratification of a deal to route the export pipeline through northern Tanzania. In common with the upstream project, progress has accelerated in recent months on both the so-called East African Crude Oil Pipeline (EACOP) and the domestic refinery planned at Hoima, near the Albertine fields.

A framework agreement for the refinery is due to be signed this quarter with the investor consortium belatedly selected during the summer.

Meanwhile, reports have begun emerging that Total may push for Nairobi's first exports to be delivered to the coast via EACOP, rather than via Lamu, as previously planned by the incumbent upstream developers. The French firm is the central player in the integrated Ugandan project and now also a stakeholder in Kenya's oilfields.

The Tanzanian parliament on September 11 ratified the intergovernmental agreement signed with Kampala in May – with ministers reassuring MPs on the stringency of land compensation and local content requirements to be demanded of the pipeline's foreign backers in order to secure assent. The deal has been cleared by the Ugandan cabinet but it remains to be put before the legislature.

Following the ratifications, the two authorities are due to sign Host Government Agreements with the three companies working on the Lake Albert project: China National Offshore Oil Corp. (CNOOC), Total and Tullow Oil. Negotiations have covered transit fees and taxation – as well as the compensation and local content rules.

The estimated US$3.55 billion EACOP is in the front-end engineering and design (FEED) phase, with studies close to completion by the US' Gulf Interstate Engineering. The project comprises a 1,445-km, 24-inch (610-mm) heated pipeline capable of carrying 216,000 bpd of waxy Ugandan crude from Hoima to the port of Tanga on the Indian Ocean.

Total is taking the lead on the contracting, and received expressions of interest (EoIs) in mid-June for the engineering, procurement and construction management (EPCM) contract. The bidding process is expected to start imminently, in preparation for the start of construction in 2018.

Completion is scheduled for 2020 – although the timetable is regarded as highly optimistic in light of the persistent delays that have beset all elements of Uganda's development plans since first oil was struck more than a decade ago.

A team of Sumitomo-Mitsui Banking Corp. (SMBC), Imperial Bank of China and the local unit of South Africa's Standard Bank was selected in August to advise on the debt-financing package – expected to cover around 70% of project costs. The remaining 30% will be raised through equity contributions by the three companies and the two countries. Recent statements from Total and Tullow anticipate a final investment decision (FID) by year-end.

In 2015, Total persuaded Uganda of the superior merits of the route via Tanzania, over a pipeline terminating at Lamu.

## Hoima progress

The estimated US$4 billion project to build a greenfield refinery at Hoima has an equally chequered history. However, an investor consortium comprising US engineering giant GE, Yaatra Ventures, also of the US, and Italy's Saipem – as the EPC contractor – reached core project terms with Kampala in August to develop the planned 30,000 bpd facility, following a relaunch of the four-year-old bidding process earlier in the year.

A project framework agreement was said at the time to be due within around two months. Details were not provided on the relative shareholdings of the consortium partners, the government and East African Community partners.

Tullow, the lead developer of Kenya's Turkana oilfields, had lobbied against Total and in favour of sending the Ugandan crude for export via northern Kenya – in light of the possibility of delivering both countries' first oil through the same pipeline.

Since Kampala's rejection of the former route, the UK firm has stated plans to install the Lokichar-Lamu stretch of the proposed pipeline for Kenya's crude alone. However, in the wake of the French firm's acquisition of Maersk Oil – a stakeholder in the Kenyan fields – early discussions are reportedly being held on a wholesale reversal of the original plans. This would entail the Kenyan crude being delivered to international markets through the Hoima-Tanga pipeline.

Reaffirming a commitment to the Ugandan pipeline when announcing the Danish acquisition, Total's CEO Patrick Pouyanne hinted at the possibility. "We'll not change our plans on [the] Uganda [export pipeline], but maybe we'll see if we can be efficient and participate in the development of Kenya," he said.

The cost savings – for the companies and especially for cash-strapped Nairobi – would be considerable, with the cost of the Lokichar-Lamu pipeline having been estimated at US$2.5 billion. Opting for the Tanzanian route, though, would derail Nairobi's hopes for the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSET) project. It would also limit economic benefits to Kenya's north. ❖

# Tanzania plans exploration push

TANZANIA

TANZANIA intends to pursue exploration for oil in the Eyasi Wembere Valley and Lake Tanganyika, with technical support from Uganda. A statement from Ugandan President John Magufuli on October 5 set out the plan.

The government received a report from the Ugandan and Tanzanian teams, it said, highlighting Senkenke, Mwanzugi and Kining'inila, in the province of Tabora's Igunga district.

The meeting involved Tanzanian Prime Minister Kassim Majaliwa Majaliwa, Tanzanian Deputy Minister of Energy and Minerals Medard Kalemani and Uganda's ambassador to Tanzania, Richard Kabonero.

Magufuli said the Tanzanian government was ready to support all activity in the pursuit of oil exploration in the Eyasi Wembere Valley and Lake Tanganyika. He went on to say Ugandan experts had been involved in order to bring to bear the knowledge they had gained in Lake Albert.

According to Tanzania Petroleum Development Corp. (TPDC), as of September, the Lake Tanganyika South block was open while the Lake Tanganyika North block was under negotiations. The southern block was licensed to Australia's Beach Energy, with Woodside Petroleum taking a major stake for a couple of years. Woodside pulled out, in 2015, and Beach reoriented itself to focus on domestic opportunities.

Beach acquired, processed and interpreted 2D seismic in Tanzania. The company had hoped to attract a new partner but, given the timing, interest was sparse.

In late 2015, TPDC carried out an airborne gradiometry survey on Lake Tanganyika North and Eyasi Wembere. This type of survey was used to great success by Tullow Oil in Uganda, and to a lesser extent in Kenya. A number of companies have expressed interest in the block, including Total.

Uganda and Tanzania are growing closer, even while Magufuli is taking a harsh line on foreign investors. Work is under way on a pipeline from Lake Albert to Tanga, on Tanzania's coast. If exploration is successful in Tanzania, production could be hooked into this link.

The Tanzanian government has taken a tough line on a number of mining operations in the country, owned by foreign investors, and recently changed the law on mineral resources. This, combined with low commodity prices, threatens to deter potential new investors, while existing companies are unlikely to pursue further Tanzanian exposure. ❖

PERFORMANCE

# Angolan, Nigerian crudes divide

MARKETS

DEMAND for Angolan oil flagged last week, with some cargoes being offered at a discount, while tighter supply of some Nigerian grades supported prices for that country's cargoes.

By October 6, differentials for Angolan crude were starting to stabilise after falling for some grades during the week. Supplies were still abundant, though, implying buyers were holding out for even lower offers.

At least 20 Angolan cargoes for October and November trade remained unsold as of October 6, according to traders.

China's Unipec made offers that day for Angola's Dalia grade at flat to dated Brent, for its Plutonio grade at dated Brent plus US$0.5 and for Nemba at dated Brent plus US$0.2. This was the same as on October 5, when it had reduced its asking price for some grades. The Chinese firm also made an offer for Congolese Djeno at a US$0.35 discount to dated Brent.

On October 5 – when around 25 Angolan cargoes for October and November loadings had still not traded –Sonangol sold its Dalia and Olembendo grades, which it had been offering at dated Brent plus US$0.15 and plus US$1 respectively.

For Nigerian cargoes, loading delays and a fairly modest export programme for November supported price differentials last week.

As of October 3, just 10 Nigerian cargoes were left from the country's October loading programme, and when the Erha loading programme for November emerged, it was comprised of just two cargoes – one for ExxonMobil and one for Vitol – down from four in October.

Subsea maintenance also reduced the November export plan for the Qua Iboe grade.

A loading schedule for the Bonny Light grade – which remains under force majeure – has still not emerged. Traders do not expect it to be issued before Aiteo's Nembe Creek Trunk Line (NCTL) pipeline returns to operation. Aiteo has said the link could be up and running again this week.

During the week, Indian Oil Corp. bought a cargo each of Kissange and Agbami grades from Chevron under a tender, though it is not clear whether it bought other cargoes too. ❖

# NLNG wins case against NIMASA

NIGERIA

NIGERIA LNG (NLNG) has won its case against a local agency, with a court ruling that the company was exempt from certain payments on its shipments.

NLNG was liable for a 3% gross "Sea Protection Levy" and a 2% cabotage charge, the Nigerian Maritime Administration and Safety Agency (NIMASA) had said.

In a statement on October 3, NLNG said a Federal High Court in Lagos had found for NLNG. Judge Mohammed Idris ruled that NLNG was not liable for these payments. Furthermore, he said, all such payments that had been made to NIMASA should be refunded.

The dispute between the LNG producer and the Nigerian agency led NIMASA to blockade the Bonny Channel in 2013, halting shipments. The judge also said NIMASA had been wrong to shutter the channel in order to extract payments from NLNG.

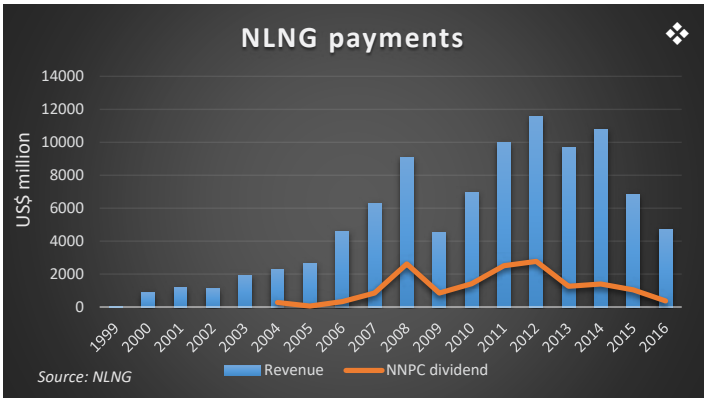
The producer filed a case in 2013 at the court against NIMASA, seeking a judicial finding on their disputes. The NLNG statement said an interim injunction from the court had been disobeyed by NIMASA for three weeks, preventing NLNG vessels from using the channel. The court found that NLNG was not subject to the 3% levy and that the 2% fee was inapplicable, as the company was not involved in coastal trade.

"This decision also affirms the sanctity of the guarantees and assurances conferred on the company and its shareholders by the government of Nigeria, on the strength of which the shareholders made their investments from which the country has reaped immense returns," the statement continued.

NIMASA may appeal against the judgement. The agency based its position on its establishing act, under which levies are payable on all ships, bar those employed by the military.

NLNG has 22 million tpy of LNG production, with plans for a seventh train, which would take output to 30 million tpy. The company, in which Nigerian National Petroleum Corp. (NNPC) has a 49% stake, operates under its own act, the NLNG Act of 2004. "No export duties, taxes or other duties, levies, charges or impost of a similar nature shall be payable or imposed on the export of [LNG]", the law states.

NLNG is also exempt from the 3% fee payable to the Niger Delta Development Commission (NDDC), although there has recently been some talk of amending the act to require such payments. ❖




# Sonangol cuts costs

ANGOLA

SONANGOL has cut production costs by 48%, from 2014 to 2016, with the company racking up savings of US$1.7 billion in 2017. This was disclosed by the company in a statement on October 6, reporting that Sonangol EP and a number of unnamed oil companies had met Angolan President Joao Lourenco, who was sworn into office in late September.

The statement from Sonangol EP said the meeting had followed complaints from the companies that excessive bureaucracy in Angola was reducing its attractiveness.

Sonangol went on to say that, in recognition of the concerns of its partners, it had revised its statutes. As part of this, a level has been removed from the "approval pyramid", making its analytical process faster.

The company said it was also working on the management of the concessionaire, reviewing old approval processes and replacing the ex-CEO, Paulino Jeronimo, who oversaw management and the relationship with operators. Jeronimo's work will be carried out by two directors, it continued.

Sonangol held a roadshow in July, in which it held talks with major companies in order to discuss their investment plans. As a result, the company said it reached an agreement to increase Angola's oil industry competitiveness. Sonangol has also formed a team with the Ministry of Petroleum and Ministry of Finance. The company appointed a former ExxonMobil official, Ivan Sa de Almeida, to oversee exploration and production.

The removal of Jeronimo, in addition to Cesar Paxi and Jorge de Abreu, from Sonangol was one of the last moves by the former Angolan president, Jose Eduardo dos Santos, before he left office. The former president's daughter, Isabel dos Santos, serves as the chairman of Sonangol. ❖

# Kachikwu hits out at NNPC's Baru

NIGERIA

A letter, from Nigerian Minister of State for Petroleum Ibe Kachikwu, complaining about Nigerian National Petroleum Corp.'s (NNPC) managing director, Maikanti Baru, has been leaked to the media. Kachikwu had addressed the letter to Nigerian President Muhammadu Buhari, who retains the position of senior oil minister.

The minister acknowledged that the letter was from him, describing it as "normal procedural correspondence", going on to say that the president had been fully supportive of the ministry's efforts to improve efficiency and transparency in Nigeria's oil industry.

Baru, in his role as head of NNPC, has declined to meet Kachikwu and made appointments with no reference to the ministry. The minister went on to say that any contracts worth more than US$20 million need to be reviewed by NNPC's board but that, in the year Baru has been in charge, no contracts have been examined.

Contracts that have not been reviewed are worth as much as US$26 billion, the letter said. The areas of concern are: the crude term contracts, worth US$10 billion; the direct-sale, direct-purchase contracts, worth more than US$5 billion; the Ajaokuta-Kaduna Kano (AKK) pipeline, worth US$3 billion; various funding contracts, worth US$3 billion, and various contracts by Nigerian Petroleum Development Co. (NPDC), worth US$3-4 billion.

The letter said there were "many more" of these contracts. Baru was reported in the letter as having said that approval from Buhari had been received.

Buhari should compel all parastatals to submit to regulatory oversight, Kachikwu continued. Baru should report along due process lines, the letter said, and added that the reorganisation of NNPC should be suspended.

## Outcome

Following the release of the letter last week, Kachikwu met Buhari on October 6 but did not provide comment on what had been discussed. The Nigerian Senate announced the appointment of a committee to investigate the charges.

NNPC issued a statement on October 9, rebutting Kachikwu's claims on the alleged failure of due process. The minister was consulted on the crude oil lifting contracts, the company said, despite claiming otherwise. It also quibbled with the assigned US dollar amounts to the oil lifting and direct-sale, direct-purchase agreements.

Furthermore, the AKK pipeline contract has not reached the point where it should be reviewed. The financing arrangements require approval from the president, NNPC said, but none of the NPDC contracts exceeded the critical US$20 million mark.

Various factions are lining up on either side. The Independent Petroleum Markers Association of Nigeria (IPMAN) spoke out against Kachikwu, describing the letter as "diversionary and ridiculous". It went on to say the minister had tried to turn Baru into an errand boy. Furthermore, reforms carried out by Baru, IPMAN said, involve the appointment of technocrats and "sanitising the importation of petroleum products".

The Centre for Social Justice (CSJ) in a statement said the letter was worth investigating and that it would be hard to determine whether board meetings had been held and what was on the agenda. "Coming at a time the administration is prosecuting a war against corruption and seeking to enforce due process in the management of national resources, it is imperative that these allegations are thoroughly investigated."

There has, though, been no official statement from the president. It seems likely that either Baru or Kachikwu will have to go following this spat – and it will be an interesting determination of Buhari's priorities to see which will get the boot. ❖

## NBI INSIGHT

**The impression given by Kachikwu's letter is of dysfunction at the top of Nigeria's oil hierarchy. In addition to the apparent lack of due process in awarding contracts, the minister seems unable to secure meetings with Baru – or even with Buhari, who spent much of the year out of the country, seeking medical help.**

**Baru's assertion that Buhari approved contracts does little to help remedy the problems flagged by Kachikwu. Assuming this is correct, it ties in with Buhari's reputation for micromanagement.**

**As always when such things are leaked, the reader must consider how these items were released. Given Kachikwu's dissatisfaction and alienation, coupled with his acceptance of the letter, it does not seem impossible that the minister – or someone close to him – may have been behind its release.**

# Mozambique militants attack close to LNG site

MOZAMBIQUE

A group of unidentified militants attacked police in Mozambique's northern Cabo Delgado province on October 5, according to numerous reports. Initially it was suggested the assault may have been carried out by Al-Shabaab – a militant Somali-based Islamist group – but this has been largely rejected.

Whatever motivated the attackers, this will come as a blow to Mozambique's hopes for progress on its LNG project.

A Mozambique government representative reported that three police stations had been attacked, with at least two officers killed. The attackers are also believed to have stolen weaponry in the raid. Two members of the gang were said to have been captured.

Attacks took place in the Mocimboa da Praia district, around 80 km from the planned LNG terminal.

The assault followed the shooting of Nampula's mayor, on October 4. Mahamudo Amurane, who was killed in the attack, was shot as he was leaving his house. Amurane had been planning to run in the 2018 mayoral elections as an independent. He won the 2013 election as a member

of the Mozambique Democratic Movement (MDM), a rising opposition force in the country. MDM broke from the longstanding opposition party, Renamo, in 2009.

Amnesty International issued a statement calling for an investigation of the killing. "Since coming into office in 2013, the Nampula City mayor had bravely tackled corruption head on. It is no secret that this made him a target of attacks, even within his own [MDM] party," said the group's director for Southern Africa, Deprose Muchena.

Mozambique faces a number of challenges, in addition to last week's outbreak of violence it is also struggling with an unsustainable debt load and festering political differences, in addition to experiencing slow progress on the LNG front.❖

PROJECTS & COMPANIES

# Sonatrach plans Hassi Mouina seismic

ALGERIA

SONATRACH is reportedly planning to acquire 3D seismic data in the Hassi Mouina gas field, near the northeast border of Algeria's southwestern province of Adrar, in the Sahara desert.

The field was explored by a joint effort more than a decade ago between Sonatrach and Norwegian company Statoil, which held a 75% stake in the exploration operation. While Statoil did discover some promising evidence of oil in the area, it eventually relinquished its license in 2016 after drilling multiple exploration wells, citing a difficult regulatory environment and falling energy prices.

Algeria is facing a gas shortfall despite sizeable domestic gas reserves. Part of the problem is a lack of foreign investment, slowed by a reputation for strict regulations and unfriendly business practices, which have driven investors away as the oil price crash worsened. There are also concerns about safety and limited available infrastructure for gas transport. Regional competitors, such as Morocco, offer a much more welcoming environment for foreign investment.

The Algerian government has responded by attempting to alter its oil and gas legislation to make the country a more welcoming investment prospect. On October 2, Algerian Minister of Energy and Mining Mustapha Guitouni confirmed that the country's hydrocarbons laws would be amended. These changes "would attract more foreign investments, especially in the field of exploration and exploitation of hydrocarbons".

He also announced that Algeria would pursue shale gas exploitation to ensure the future of the Algerian energy industry, which is both a vital domestic resource and a major component of Algeria's foreign exchange and trade.

Sonatrach and other domestic companies are also attempting to exploit previously left-behind resources, such as Hassi Mouina, even without support from international firms.❖

# CH2M picks up Tortue work

MAURITANIA, SENEGAL

CH2M has won marine engineering support work on the Tortue gas field development, offshore Mauritania and Senegal, the service company announced on October 5. Kosmos Energy discovered the Tortue in 2015, with BP buying into the area in December 2016.

CH2M said the work covered subsea gas production, a floating treatment facility, a pipeline with domestic connection points and a nearshore hub, where production will be liquefied. The hub will provide breakwater-protected berths for a floating LNG (FLNG) unit.

Pre-front-end engineering and design (pre-FEED) work by CH2M will help a final decision be made on the plan, including location, layout and construction method.

KBR is handling engineering services for the development and chose CH2M. "CH2M has a strong civil and marine works portfolio for global energy producers, and we are pleased to perform a critical role working with KBR on this technically challenging project for BP," said the company's vice president, Colin Skipper.

The company will carry out civil and marine engineering support for Tortue in the UK.

A drill-stem test was carried out on the Tortue-1 well in August, with Kosmos reporting it had flowed at a constrained rate of 1.7 mcm per day, while being capable of flowing at around 5.66 mcm per day. The well was drilled in water depths of around 2,700 metres.

Data from this test was to go into the FEED process, the US company said. A final investment decision (FID) on the LNG project is expected in 2018, with first gas in 2021. The Atwood Achiever drillship, which carried out the test, has gone on to drill the Hippocampe prospect, in Mauritania's C-8 block.

In addition to this major gas development, and exploration, BP and Kosmos have also agreed to work in other offshore areas. Evidence of this came on October 5, when Sao Tome & Principe's Agencia Nacional do Petroleo (ANP) said the companies had applied for Blocks 10 and 13. As a result, the regulator said it was inviting other companies to submit their interest in the blocks. Kosmos is also working with Galp in Sao Tome's Blocks 5, 6, 11 and 12. The US company's management team has experience in the region, having been involved in discoveries in Equatorial Guinea. ❖

# Total lines up deepwater option off Guinea

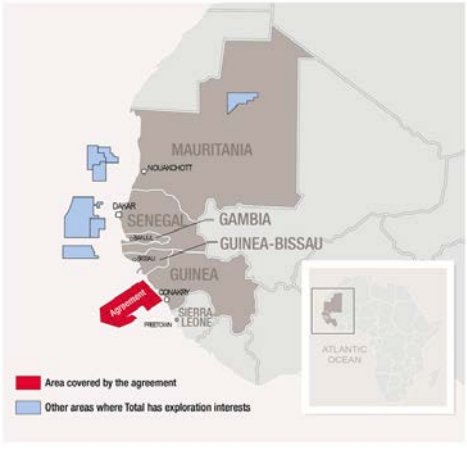
GUINEA

TOTAL has signed a technical evaluation agreement offshore Guinea, on an area covering around 55,000 square km. The French company, announcing the agreement on October 9, said it would have a year to assess the basin using existing data. At the end of this period, Total will select three licences on which it hopes to pursue exploration. There are 22 blocks in the country.

"By taking this position on a new under-explored area, Total pursues its exploration strategy targeting deep offshore prospective basins," said Total's vice president for exploration and production, Kevin McLachlan. "Therefore, Total has the opportunity to evaluate a very large area, located in an extension of the prolific Mauritania/Senegal basin where we already are. This will allow us to capitalise on our know-how and experience acquired in West Africa." McLachlan signed the deal with Guinea's Office National des Petroles (ONAP), represented by its director general, Diakaria Koulibaly. Total will also provide training for ONAP staff.

The deal with Total comes shortly after ONAP and Beicip Franlab agreed to co-operate on technical and scientific issues. The French consultancy wrote the revised Guinean oil code, which came into force in December 2014. Exploration offshore Guinea has been dominated by US-listed Hyperdynamics. The company recently drilled a well, the Fatala-1, which was disappointing. The results led Hyperdynamics' Nigerian partner, South Atlantic Petroleum (Sapetro), to drop out.

Hyperdynamics, though, maintained that while the well had not been commercial it had found suggestive traces and that, as a result, it hoped to extend its licence for another two years. While Hyperdynamics has had little luck in the country, finds have been announced in neighbouring countries. The most positive signs have come from Senegal and Mauritania, where Total is also working. ❖



# Tlou begins Botswana seismic

BOTSWANA

TLOU Energy has begun acquiring seismic under a planned 2D programme, on the Lesedi and Mamba permits, in Botswana. The company, announcing the development on October 9, said this was intended to increase gas reserves at the two projects and would provide information for vertical well drilling.

"Tlou is extremely pleased to have the seismic programme running and to be working with Velseis, who are highly experienced in this area," said Tlou's managing director, Tony Gilby. "This survey will give us the opportunity to expand our gas reserves and resources as we progress towards developing the first [coal-bed methane] CBM gas-to-power project in Botswana."

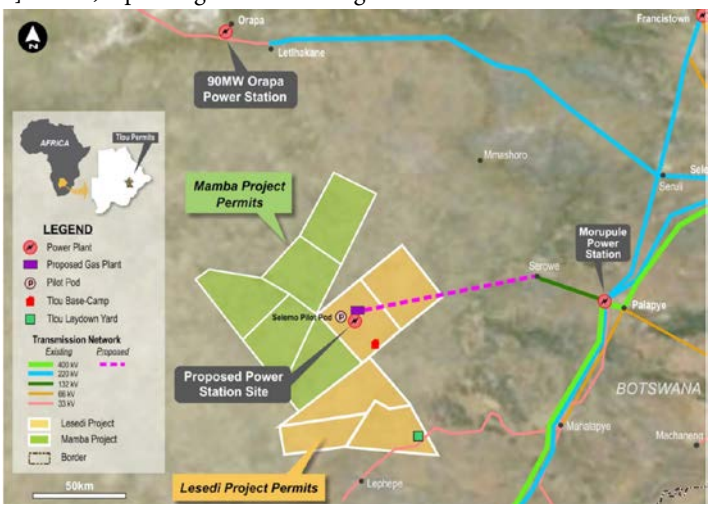
The seismic will provide information for the next step, of drilling more wells, he continued.

Tlou said there were potential gas reservoir components outside its currently mapped gas reserve areas. There is limited information on this and new seismic could demonstrate the "continuity of gassy coal".

The seismic will be carried out by tractors, fitted with a vibrating plate. Seismic lines have been inspected and cleared, with safety checks carried out. Once the work has been carried out, the data will be integrated with existing aeromagnetic information, while seismic lines will be restored.

A number of wells have been drilled on Lesedi but much less work has taken place on Mamba. Results from the seismic are expected in the fourth quarter of 2017, in addition to core well drilling. More resources should come in the first quarter of 2018, in addition to a reply to Tlou's plans from the government. Power demand in Botswana is rising, with Tlou noting the state's desire to reduce imports and the use of diesel to generate electricity.

The first stage of power production is planned for the second half of 2019, with a total target of 100 MW. Stage 1A involves a 2 MW grid connection, expanding to 8 MW in Stage 1B. ❖




# SDX find targeted for early production

EGYPT

SDX Energy has made a minor oil find at its Rabul 2 well, in Egypt's West Gharib concession. A statement from the company on October 5 said the well had found 30.9 metres of net heavy oil pay in the Yusr and Bakr formations. Average porosity is 20%.

"This was our final commitment well in the West Gharib concession and we are encouraged by the result, which reaffirms our view of the area's significant development potential," said SDX's president and CEO, Paul Welch. "The well came in ahead of expectations, based upon the results of the offset Rabul 1 location. The ultimate potential in this new Bakr structure is currently under review and will be better understood once the well is completed and tested."

After evaluation, which is under way, the company expects the well will be completed as a producer in the Bakr formation, with a connection to the central processing facilities (CPF) at Meseda. A note from GMP FirstEnergy said this was a "pleasant surprise though volumes will be very small. The company expects the well to be on production in the next two weeks providing visibility on volumes."

The Rabul 1 well, the first commitment well drilled on the licence, was carried out in July. This well found 4.4 metres of net heavy oil pay, with porosity of 21.2% in the Yusr sands and was completed as a producer.

The company raised US$10 million through a share issue in mid-September.

In addition to its 50% stake in West Gharib, SDX is also working on other projects in Egypt and Morocco. In August, the company said it was working on development planning for its SD-1X well, in the South Disouq licence, with the aim of reaching commercial production by the first quarter of 2018.

Plans for a second phase are also under way at South Disouq, targeting deeper oil potential and more gas. ❖

# PwC: NOCs must evolve

NOCs across Africa have an enormous opportunity to secure a more sustainable future by transforming into "national energy companies" (NECs), escaping the economic trap of a lower oil price and embracing the disruptive forces unleashed by climate change and a low carbon world.

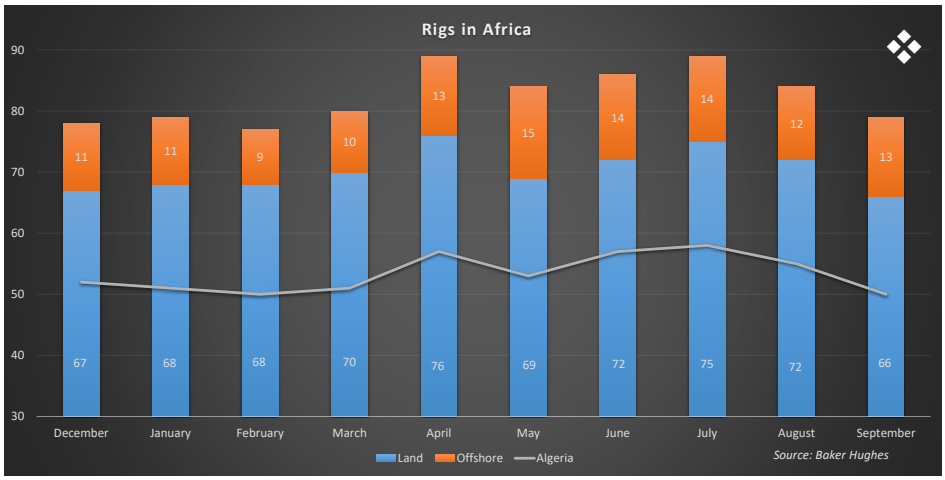
A new era of lower oil prices is challenging business models that have long relied largely on exploration and production of hydrocarbons, particularly 'black gold' oil. This is likely to prompt African countries that have for decades depended on their NOC as a key source of revenue to rethink the "nation-building" role that their NOCs have played.

In turn, the sustainability of NOCs will depend on their ability to transform into NECs, responding to the demands placed on them by consumers, governments and non-governmental organizations (NGOs) to respond to climate change and a new energy future.

Chris Bredenhann, PwC Africa Advisory Oil & Gas Leader, says: "Globally, the energy sector is experiencing significant change and upheaval. Whether it is in oil & gas or utilities, we are witnessing tectonic shifts in strategies, business models and ways of working."

"Whether we are talking about fledgling NOCs with limited hydrocarbon resources or established NOCs sitting on large reserves, all of these companies will need to work out how to seize the opportunities emerging from this disruption." These are some of the highlights from an analysis by PwC titled 'The new Nation Builders: Creating the African national oil company (NOC) of the future' released today. In this paper, we look at the challenges of disruption facing African NOCs, what it means for them and how they should position themselves for a sustainable future.

**PWC, October 5, 2017**




## NORTH AFRICA

# KBR Awarded EPCM Services contract for JVGAS projects in Algeria

KBR has announced that it has been awarded an engineering and project management services contract by JVGAS, a joint venture of Sonatrach, Statoil and BP, for the provision of engineering, procurement and construction management services in Algeria.

Under the terms of the contract, KBR will provide detail design engineering, procurement services as well as construction management at the major gas developments at In Salah Gas and In Amenas. This work, which is expected to be performed over 48 months, will be a KBR collaboration with engineering and the procurement services being performed from the UK and Chennai offices in partnership with the local, in-country, engineering office.

Revenue associated with this project will be booked into a backlog of unfilled orders for KBR's Engineering & Construction Business as task orders are confirmed.

**KBR (US), October 2, 2017**

# Rosneft closes Zohr deal

Rosneft closed the deal to acquire a 30% stake in the concessions agreement for the development of Zohr field, the largest gas field in the Mediterranean Sea, from Italian company Eni S.p.A. The cost of Rosneft stake acquisition is US$1.125 billion. The company also refunded its share in past project costs to Eni.

The company becomes a participant of the project to develop the largest deepwater gas field offshore Egypt jointly with other world majors and strategic partners of Rosneft - Eni (60% stake) and BP (10% stake). The deal will enable the company to share significant experience in offshore field development, using existing competencies in offshore production. Participation in the development of a unique production asset will strengthen positions of Rosneft in the strategic markets of Europe and Middle East.

Commenting on the deal, Rosneft CEO Igor Sechin said, "Having closed the deal to acquire a stake in the concession agreement for the development of Zohr gas field, Rosneft has entered the world class project. It opens up the opportunities for the Company to reinforce its positions in the promising and strategic region, broadens potential of our trading division and enhances our mutually beneficial co-operation with Egypt".

Zohr gas field was discovered by Eni at the shelf of Egypt in 2015. The area of the field is 231sq km, its in-place reserves exceed 850 bcm.

On December 12, 2016, during a working visit to Cairo, Rosneft Chief Executive Officer Igor Sechin informed Egyptian President Abdel Fattah el-Sisi on the agreement for the acquisition by Rosneft from Eni of a stake in the concession agreement for the development of Zohr field and 15% in the project's operator Petroshorouk, a joint parity enterprise of Eni and EGAS.

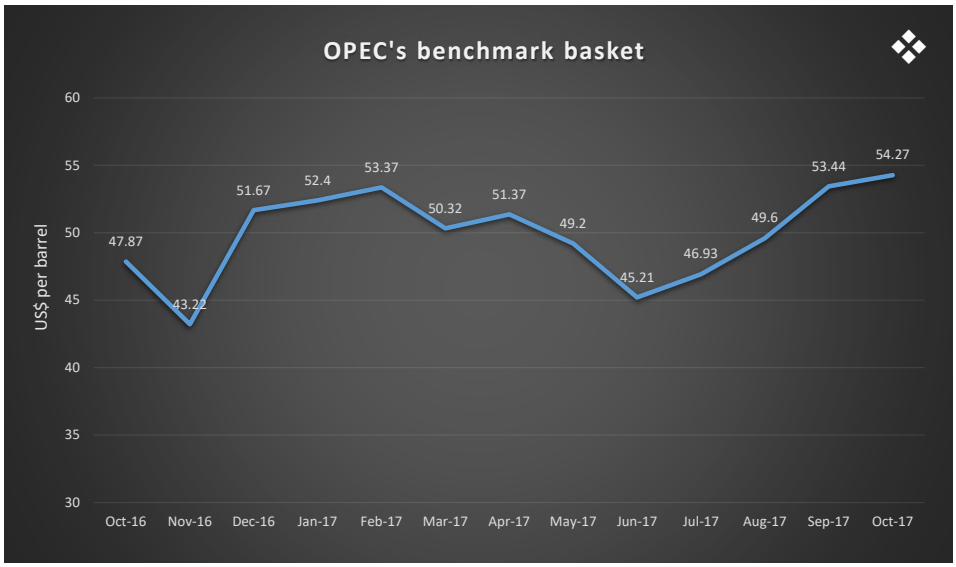
**ROSNEFT (RUSSIA), October 9, 2017**

# Roads to Libya's Sharara, Al-Feel oilfields blocked by southern youths group

Southern Libyan youths group called "Enough Silence" has blocked all the roads leading to the key oilfields of Sharara and Al-Feel in protest of bad living conditions in the region. "No tank trucks, cars, vehicles and people will be allowed to pass on those roads." The group said in a statement. It also called on the National Oil Corporation (NOC) and the workers at the two oilfields to work from the inside to help grant them their demands.

"Our demands haven't been answered and the last of which was October 5, when we agreed in a meeting but then nothing happened." The group remarked. The group includes young men from Ubari, Al-Ghariga, and Bent Beh, threatened to organise a civil disobedience inside the fields if the NOC did not take action regarding their demands.

"We are not responsible for any sabotage acts that the young men would do to the oilfields after they become impatient over the protraction of the government." It added. The NOC announced last Wednesday the ▸▸




resumption of oil production at Sharara field after lifting the force mejeure on crude exports from Al-Zawiya port.

"Libya has lost more than US$27 million in two days of closure at Sharara oilfield." The NOC added.

**LIBYA OBSERVER (LIBYA), October 7, 2017**

# Morocco-Spain Energy Co-operation has promising future

Co-operation relations between Morocco and Spain in terms of energy have a promising future the minister of energy, mining and sustainable development Aziz Rebbah has said.

Morocco and Spain are linked by friendship relations in all areas, which is also mirrored in the energy sector Rebbah said after a meeting with Spanish trade minister Maria Luisa Poncela Garcia, noting that the Moroccan-Spanish electric interconnectivity has led to good results for the two countries' markets. He added that the meeting touched also on human resources training, research and development, as well as co-operation between Moroccan and Spanish businesses.

The Spanish official said the meeting's goal was to examine all aspects of the partnership between the two parties, explaining that Spain shares Morocco's 2030 vision, under the leadership of HM King Mohammed VI. The Spanish state minister also lauded the excellent energy co-operation ties between the two countries.

**MAGHREB ARAB PRESSE (MOROCCO), October 2, 2017**

# Sound plans Moroccan drilling programme

Sound Energy announced a forthcoming, high impact, three well exploration drilling programme in Eastern Morocco. Commenting on today's announcement, James Parsons, Sound Energy's Chief Executive Officer said: "Sound Energy is now approaching another exciting period of back to back drilling in Eastern Morocco. The three well exploration programme we are announcing has the potential to significantly increase the core value of our Moroccan acreage and to establish Eastern Morocco as a prolific but low cost gas province, on the doorstep of large and growing energy markets."

Sound Energy and its partners hold significant gas exploration acreage in Eastern Morocco, which the company internally estimates to include a total of 1.03 tcf gas originally in place (GOIP) over the greater Tendrara, TE-5 Horst and Lakbir and TE-4 highs (consisting of a mid-case 0.63 tcf GOIP on the TE-5 Horst and an additional 0.4 tcf unrisked GOIP over the Lakbir High and the TE-4 high). A reserves certification is currently underway on the TE-5 Horst core volumes of 0.63 tcf GOIP.

In addition to the Company's geophysical programme of a combination of aerial gravity gradiometry, 2D seismic surveys, 2D seismic reprocessing and geological studies, the company now intends to accelerate its exploration drilling programme with a view to rapidly and materially increasing its discovered volumes in Eastern Morocco, thereby significantly increasing the core value of the Moroccan acreage and enabling right-sizing of the planned facilities.

The new exploration programme in Eastern Morocco includes three wells to be drilled back to back and will target high impact locations with significant exploration potential, with the aim of further unlocking the Company's internally estimated unrisked gross GOIP exploration potential volumes across Sound Energy's Eastern Moroccan acreage of 17 tcf mid case (31 tcf upside case and 9 tcf low case), as announced on the 1 February 2017.

The previously announced appraisal well evaluation will remain under review pending completion of the exploration drilling programme. The exploration drilling programme leads will be reviewed again and high-graded towards the end of the year following receipt of the gradiometry, 2D seismic surveys, the 2D seismic reprocessing and the geological studies.

**SOUND ENERGY (UK), October 4, 2017**

## WEST AFRICA

# Angola now able to share seismic data with world

Angola has officially started sharing, from early October, information and data on the seismic activities produced in the country to the world network of seismic information, from its Kapanda station in Malanje, confirmed to Angop in Luanda, the director of INAMET, Domingos José do Nascimento.

According to him, after the September monitoring in the four existing seismic stations, of which three under direct management of the National Institute of Meteorology and Geophysics (INAMET), began sending data to the International Association of Seismology and Physics of the Earth's Interior (IASPEI). Angola's seismic network, run by INAMET, is composed of five stations namely Luanda, Lubango (Huíla), Porto Kipiri (Bengo), Luena (Moxico) and Kapanda, province of Malanje, controlled in partnership with Prodel, the manager of the hydroelectric dam in the area.

Angola still needs to strengthen its network of seismic stations between the south and east central regions, with at least 25 more stations, so that the occurrences of the events are correctly evaluated and recorded, the official explained.

**ANGOLAPRESS (ANGOLA), October 3, 2017**

# Minister wants more efficient mineral and oil resources sector

The Minister of Mineral Resources and Petroleum, Diamantino Azevedo, announced that a new organic statute will be created in the coming days to merge the Ministries of Geology and Mines and Petroleum Ministry so as to make it more efficient.

The two ministries were merged in the light of the new Executive, led by the Angolan President, João Lourenço, who

was inaugurated on 26 September, resulting from the elections on August 23. Speaking to the press at the ceremony for the transfer of portfolios made with the outgoing minister, Francisco Queiroz, the cabinet official said that the new challenge is a demanding task, because it will bring together offices and reduce offices, as well as make the ministry more productive.

He justified that the merger does not mean that many will have to leave the functions they occupy, because they are key for the leverage of this ministry and wishes them to continue playing their role. The official mentioned that the mining and oil geology sector plays a fundamental role in the national economy, so the challenge is high to enforce the MPLA governance programme, presented in the elections of August 2017, where the objectives and targets are defined.

**ANGOLAPRESS (ANGOLA), October 3, 2017**

# Cote d'Ivoire's credit profile reflects economy's increasing diversification and high growth prospects

Cote d'Ivoire's (Ba3 stable) credit profile is primarily supported by the economy's growing diversification and high growth prospects, which are underpinned by structural reforms and public investment in infrastructure, Moody's Investors Service said in a report today. The country's low institutional strength is a key credit constraint.

"Cote d'Ivoire has relatively strong fiscal fundamentals and sustainable debt levels, supported by substantial donor support and debt forgiveness over the last few years," said Moody's Vice-president Aurélien Mali, Senior Credit Officer and co-author of the report. "Additional credit support comes from the country's participation in the West African Economic and Monetary Union (WAEMU), and its relatively developed regional financial sector, which has been able to absorb an increasing share of government debt." Moody's expects that the economy of Cote d'Ivoire, which is the world's leading producer of cocoa and cola nuts, will see medium-term growth above 7%, higher than the average for Sub-Saharan countries.

While challenges to the country's political stability could rise ahead of the next election in 2020, Moody's believes that those risks are likely to be contained. Political stability has also been strengthened through the good relationships the government has with the international community, particularly France, which maintains a military presence in the country and has, on several occasions, acted as a mediator in major political conflicts.

The stable outlook on the rating reflects Moody's expectation of balanced upside and downside risks.

Cote d'Ivoire's growth rate, institutional strength, and political risk have witnessed an improving trend in recent years. Over the next 12-18 months, however, Moody's expects relative stability in the country's debt metrics and level of political risk. Institutional strength, moreover, still has substantial room for further improvement.

**MOODYS, October 5, 2017**

# Gabon approves Shell's disposal of assets

The government of Gabon has approved the sale of Shell's offshore assets to Assala Energy Holdings. The transaction is valued at US$587 million and covers five production fields and an oil pipeline between Rabi, Gamba, and the South Gamba oil terminal.

The green light for the disposal of Shell's assets marks the transfer of skilled labour on assets from Shell to Assala Energy with the 430 Shell workers being absorbed by the US buyer.

Shell will continue to develop its activities with particular emphasis on gas production, as low oil prices seriously affect its finances.

**PETROLEUM AFRICA (SEYCHELLES), October 4, 2017**

# Sparrows, Hydra launch joint venture in Ghana

Sparrows Group has formed Sparrows Offshore Ghana Ltd, a Joint Venture (JV) with local partner Hydra Group Limited, to deliver crane, lifting and inspection services in Ghana. The agreement will service strong demand for an experienced lifting and mechanical handling specialist to support reliability and operational safety in the country.

Accra-based Hydra Group has several years experience in oil and gas and has a proven background in developing successful partnerships with world-class international companies. Sparrows' extensive experience operating across West Africa, particularly in Angola and Nigeria, has seen the company win work in Ghana over the past 12 months and this new agreement firmly establishes their presence there.

Stewart Mitchell, chief executive officer at Sparrows Group, said: "We believe there is a gap in the market for a crane specialist to provide all forms of lifting, mechanical handling and inspection services in Ghana. In forming the JV with Hydra Group, we are offering a service that combines our expertise with the infrastructure of a well-respected company with extensive local knowledge of the Ghanaian offshore market.

The JV creation was supported by Scottish Development International (SDI), the international arm of the Scottish Government and Scotland's enterprise agencies.

Delali Otchi chief executive officer at Hydra Group said: "Our partnership with Sparrows works in several ways as we share an absolute commitment to safety and delivering value for clients. Sparrows is recognised as the global expert in offshore lifting and combining their specialities with our local knowledge and logistical capability will provide a service not previously available in Ghana."

**SPARROWS GROUP, October 4, 2017**

# GNPC spent US$9.7 million on ITLOS maritime boundary dispute

September 23, 2017 will forever be one of the memorable days in the history of Ghana. The flag of the Nation soared high. Ghana was victorious in the landmark Maritime Boundary dispute case involving its Western neighbour La Cote d'Ivoire at the International Tribunal for the Law of the Sea, ITLOS in Germany. It was a "sweet victory" for Ghana.

The triumph came at a price. The Ghana National Petroleum Corporation, GNPC financed Ghana's defense team and other activities relating to the case from 2014 to this year when the ruling was delivered.

In 2014 the GNPC expended US$782,406.83 even though US$1,6 million was budgeted for as contained in the Public Interest and Accountability Committee's 2014 annual report. It was indicated that the reason for non-utilization of the entire allocated amount was that momentum was shifted to 2015.

The Corporation in 2015 reported in the Annual Petroleum Funds Report submitted to Parliament by Seth Terkper, the then Finance Minister that US$2.1 million from the total Annual Budget Funding Amount, ABFA from the Petroleum revenue allocation to the GNPC was spent on the maritime boundary dispute as against US$782,406.83 spent in 2014.

Significantly, the US$2.1 million expended on the case that year was almost equal to the amount the GNPC spent on North & South Tano Petroleum and the Hess projects.

**GHANAWEB (GHANA), October 7, 2017**

# Liberians set for elections as curtain falls on Sirleaf reign

Liberians head to the polls on October 10 to elect a successor to President Ellen Johnson Sirleaf, with hopes for a leader who will kickstart the economy and safeguard a fragile peace. Sirleaf will step down after 12 years at the helm of Africa's first republic, whose back-to-back civil wars (1989-2003) and Ebola crisis (2014-16) have stunted growth and left Liberia among the world's poorest nations.

Twenty candidates are vying to replace Ms Sirleaf, with footballing icon George Weah, incumbent Vice-president Joseph Boakai, longtime opposition figure Charles Brumskine and soft drinks millionaire Alexander Cummings considered front-runners.

Just one woman is seeking to follow Africa's first elected female head of state — model-turned-humanitarian MacDella Cooper — but she has near-zero chance of winning, diplomats and analysts told AFP. The elections of a president, vice-president and members of the House of Representatives are a "crucial test for the democratic process in Liberia," Maria Arena, chief observer of the European Union, told journalists in Monrovia this week.

**DAILY NATION (LIBERIA), October 8, 2017**

# Gas depot blasts kill at least seven in Accra

At least seven people were killed and scores injured, mostly suffering burns, after two explosions at a natural gas depot in Ghana's capital, fire service spokesman Billy Anaglate said. The blasts on October 7 sent a giant fireball into the sky above the eastern part of Accra, causing frightened residents to flee their homes in large numbers.

Police said the blasts happened in the Atomic Junction roundabout area of Legon, in northeast Accra, at about 7:30pm (19:30 GMT). A statement from the Ministry of Information read out on local radio said that seven people had been killed and 132 were injured. About half of them had already been treated and discharged, it said.

The explosion began at a state-owned GOIL LNG station and spread to a Total petrol station across the street, sending a giant fireball high into the night sky and forcing frightened residents to flee. At least six fire trucks and more than 200 police personnel were deployed to help to cordon off the area of the blasts. Ambulances also arrived and those with various injuries were sent to the hospital.

Al Jazeera's Ama Boateng, reporting from Accra, said that many people are feared dead as the blasts happened at "an extremely busy part" of the capital. "This is a busy interchange and one of the main routes out of the city," she said. "There are lots of buildings and a lot of people in the area, including many street sellers."

**AL JAZEERA (QATAR), October 8, 2017**

# Erin suspends development programme

Erin Energy has announced that funding commitment has been obtained to drill our high-impact Miocene exploration well. Site survey of drilling location has been completed and the well is planned to be spudded during this quarter.

Following the commitment to fund the drilling of the Miocene exploration well, the first option well of the drilling contract has been exercised with the drilling contractor.

The company also announced the successful completion of the drilling phase of the Oyo-9 well. The well results indicate presence of the target channel system and 85.3 feet of net oil sand. The results are in line with predictions and confirm field extension to the western part of the field. Both the engineering and manufacturing of the subsea equipment are at various stages of completion.

However, due to chronic delays in the release of the remaining funds and improper interference by the guarantor of the loan facility, as agreed to between the bank and Erin for the project, the company has decided to temporarily suspend the completion and hookup of the development programme. On several occasions the company has demanded the guarantor cease and desist from interfering in the disbursement of funds for the project. Consequently, the Pacific Bora drilling rig and all drilling services has been demobilised.

**ERIN ENERGY (US), October 4, 2017**

# Eroton receives NNPC payment

San Leon Energy announced that Eroton has verbally informed the Company that Eroton has received the first payment from Nigerian National Petroleum Corporation (NNPC) for its 2015-16 arrears on OML 18, onshore Nigeria. US$7 million has been received, leaving approximately US$86 million outstanding to Eroton.

The delayed receipt of NNPC arrears has had two main impacts to date. Firstly, as announced on 7 September 2017, this has been a contributory factor to some work programme delays (such as well workovers and the drilling of new wells). These delays to heavy workovers and new well drilling, which target significant hikes in production rates, in turn impact the cash generated by Eroton.

Secondly, as also announced on September 7, 2017, depositing three future quarterly reserve based lending (RBL) repayments into the debt service reserve account (DSRA) attached to Eroton's existing RBL facility, is one of the conditions that needs to be met before the RBL lenders will allow distribution of dividends from Eroton to its shareholders. The cumulative amount required to fill the DSRA account varies according to the RBL amortisation schedule, but is approximately US$120 million during 2017. This falls to approximately US$90 million in 2018 due to a decrease in quarterly RBL repayments. As of 2 October 2017, the DSRA contained approximately US$32 million (9.9 billion naira). The deferred receipt of funds from NNPC has contributed to a delay in filling the DSRA.

Oisin Fanning, CEO, commented: "NNPC has been paying OPEX and CAPEX contributions throughout this year towards 2017 costs on OML 18. 2015 and 2016 were difficult years for the oil and gas industry and the receipt of this payment for arrears related to this period is a significant and welcome development which increases confidence for international independent oil and gas companies investing in Nigeria. For OML 18, this is an important step towards boosting production and targeting the beginning of dividend distributions to its shareholders by Eroton. We look forward to updating the market on further arrears payments."

**SAN LEON ENERGY (IRELAND), October 3, 2017**

# No plan to extradite Allison-Madueke to Nigeria for trial

The Minister of Justice and Attorney General of the Federation, Abubakar Malami, says Nigeria has no immediate plan to bring back home former Petroleum Minister, Mrs Deziani Allison-Madueke, to face trial.

Allison-Madueke, who is being investigated for money laundering and acquisition of properties in the UK, had earlier urged the Federal Government to bring her back to the country to face corruption charges against her.

Malami, however, told State House correspondents in Abuja that bringing her back to the country would jeopardise the investigation being carried out in the UK.

He said Madueke could request to be brought home for trial but that she should face her trial in the UK because the gravity of the

offence she committed abroad was higher.
**THE NEWS (NIGERIA), October 4, 2017**

## NNPC solicits Oyo, Osun Govts' assistance

Dr Maikanti Baru, the Group Managing Director at the Nigerian National Petroleum Corporation (NNPC) has urged Oyo and Osun State Governments to assist the corporation in curbing activities of pipeline vandals.

Baru, who made the appeal during the re-inauguration of the loading operations in Ibadan depot, noted that vandalism of pipelines was affecting the operations of the corporation. He warned the vandals to desist from their nefarious act, that their illegal activity was detrimental to the national economic growth.

Ibadan Depot suspended loading works in 2015 due to incessant pipeline vandalism, but Baru, on assumption of duty in the corporation, promised to continue operations at the depot. He expressed optimism that the re-activation of the depot and effective distribution of petroleum products would boost the economy of Ibadan and its environs.

Baru assured members of staff of NNPC other stakeholders that the corporation would continue to function to resolve various challenges facing the corporation. Chief Suleiman Oladiti, Chairman Petroleum Tankers Drivers (PTD), said Baru had lived up to his promise of not leaving any stone unturned at ensuring re-activation of the various depots across the country.
**NAN (NIGERIA), October 4, 2017**

## Rivers, Oando expand 8.5-km gas pipeline

Rivers State Government and Nigeria's indigenous energy company, Oando Plc, are closing in on the completion of an 8.5 km expansion of the natural gas distribution network in the Port Harcourt Franchise Area. According to a statement by the Head of Corporate Communications at Oando, Alero Balogun, this will be from the Above-Ground Installation (AGI) in Trans-Amadi to BUA Sugar Refineries.

The project, she said, is being executed by the Central Horizon Gas Company (CHGC), a Special Purpose Vehicle set up by Oando and the Rivers State Government, which is focused on the rehabilitation, operation and expansion of the existing natural gas distribution network in Greater Port Harcourt City and the Trans-Amadi area.

The pipeline will boost BUA's productivity, provide substantial cost-savings, and open the state to a new wave of industrialisation via natural gas utilisation.
**THE GUARDIAN (UK), October 3, 2017**

## NDDC under attack over 'shoddy' projects, scholarship fees

The Niger Delta Development Commission (NDDC), often described as a cesspool of incompetence and corruption, is under fresh attack over alleged non-performance with Akwa Ibom State Governor, Udom Emmanuel, and students on foreign scholarships taking the lead in hammering the Commission.

The Akwa-Ibom Governor warned the commission not to embark on development projects in any of the Niger Delta states without first seeking the governors' permission.

Emmanuel, who was addressing a security summit for the South-south region in Uyo, abandoned his written speech mid-way to call out the Managing Director of NDDC, Nsima Ekere, who was present in the summit.

The governor went on to accuse the NDDC of not executing "even a kilometre of road" in Akwa Ibom, adding that the commission's projects were being "politicised".

"When it is time for politics we will play politics. When it's time for development, let's develop and make an impact on the lives of our people and leave some of these things that we are doing." In his written speech, which was circulated widely on the Internet immediately after the event, Emmanuel alleged that the NDDC was building substandard roads.
**THE NEWS (NIGERIA), October 5, 2017**

## NNPC solicits S'West governors' assistance to curb pipeline vandalism

The Group Managing Director, Nigerian National Petroleum Corporation (NNPC), Dr. Maikanti Baru, has urged Oyo and Osun State Governments to assist the corporation in curbing activities of pipeline vandals.
Baru who made the appeal on Wednesday during the re-inauguration of the loading operations in NNPC, Ibadan depot, noted that vandalism of pipelines was affecting the operations of the corporation. He warned the vandals to desist from their nefarious act, that their illegal activity was detrimental to the national economic growth.

Ibadan Depot of the NNPC suspended loading operations in 2015 due to incessant pipeline vandalism but Baru on assumption of duty in the Corporation promised to resuscitate the depot. Baru, who flagged off the resumption of loading operations at the Depot, said the re-commissioning was in fulfilment of the Presidential mandate of revamping the nation's critical oil and gas infrastructure for the benefit of the citizenry.

"It is one of the key mandates of the present administration to revamp these abandoned assets and put them back to work for the overall security and improvement of petroleum products supply and distribution for the benefit of all Nigerians," Baru stated.

The GMD noted that Nigeria's energy supply security is underpinned by a robust pipeline network of over 8,000 km used for the transportation of crude oil, petroleum products and natural gas, of which NNPC has the largest downstream footprint with over 5,120km of pipeline network and 21 depots spread around the country.
**SWEETCRUDE (NIGERIA), October 6, 2017**

## IMF visits Sao Tome

A staff team from the International Monetary

Fund (IMF) led by Xiangming Li visited São Tomé and Príncipe from September 20-October 5, 2017, to discuss progress with the country's economic programme supported by the IMF's three-year Extended Credit Facility (ECF) arrangement.

At the end of the visit, Ms. Li issued the following statement: "Discussions during the visit focused on recent economic developments, performance under the authorities' ECF-supported programme, near term challenges, and policies for 2017/18 and beyond. The team reached understanding on most key economic policy issues for the completion of the third and fourth ECF programme reviews. Economic growth remains stable, with real GDP expected to expand by 4% in 2017. Meanwhile, inflation reached 6.5% year-on-year at end-August 2017, driven mainly by increased prices of locally-produced goods that resulted from higher than usual rainfall. The medium-term outlook is broadly positive and real GDP growth is projected to reach 5-6%, supported by robust activity in the construction, agricultural, and tourism sectors.

**IMF, October 5, 2017**

## SOUTHERN AFRICA

# ONGC Videsh completes Namibia acquisition

ONGC Videsh, a wholly owned subsidiary of Oil and Natural Gas Corporation Limited (ONGC) has completed the acquisition of 30% Participating Interest in Namibia Petroleum Exploration License 0037 for Blocks 2112A, 2012B and 2113B and related agreements (License), Offshore Namibia from Tullow Namibia Limited (Tullow), a wholly owned subsidiary of Tullow Oil.

Tullow with remaining 35% Participating interest shall continue to remain the operator of the License. Pancontinental Namibia with 30% Participating interest and Paragon Oil and Gas with 5% Participating interest are other partners in the License.

The completion of the present transaction marks ONGC Videsh entry in Namibian offshore and is consistent with its strategic objective of adding high impact exploration and production assets to its existing E&P portfolio.

**ONGC VIDESH (INDIA), October 4, 2017**

## EAST AFRICA

# Maritime security co-operation important for Seychelles

The importance of maritime security co-operation for Seychelles was highlighted by the island nation's president at the Ocean Conference in Malta. The Seychelles' head of state Danny Faure said, "Because of our limited and competing resources, it is particularly important that we have a well-thought-out maritime security strategy, and this is thus our commitment and we welcome any co-operation that may be extended to us in this regard."

Faure was speaking to world leaders, entrepreneurs, civil society leaders, scientists and researchers at a high-level panel discussion on maritime security on the opening day of the Ocean Conference. President Faure was invited to share the Seychelles' experience and provide an update on the previously registered commitments made in 2016. The commitments included the issuance of the first Blue Bonds in support of sustainable fisheries, the debt swap to develop a marine spatial plan of the island nation's Exclusive Economic Zone and designate 30% as marine protected areas,

"Maritime security is an extremely important component of the sustainable development of the ocean economy. One of the expected results of the blue economy strategy is greater protection for Seychelles' ocean space," said Faure.

The Seychelles archipelago in the western Indian Ocean has an Exclusive Economic Zone of 1.37 million square kilometres around its 115 islands, a fact that makes detection of irregular and unlawful activities at sea difficult. The Ocean Conference which started in 2014 was organised under the theme 'An Ocean for Life' and hosted by the European Union from October 5–6.

**SEYCHELLES NEWS AGENCY (SEYCHELLES), October 5, 2017**

# Tanzania's Magufuli shuffles cabinet, splits energy and mining

Tanzania President John Magufuli has split the Ministry of Energy and Mining into two agencies as part of a shuffle that expanded the cabinet to 21 ministers from 19, according to an emailed statement from his office. Medard Kalemani was to head the Ministry of Energy minister, promoted from deputy in the energy and minerals agency. Angellah Kairuki, a lawyer, was named to head the new Ministry of Mining. She had been at the Ministry of State for Public Service Management and Good Governance.

The president also split the Ministry of Agriculture, Livestock and Fisheries. Charles Tizeba will take over Agriculture and Luhaga Mpina will head the Ministry of Livestock and Fisheries, promoted from deputy at the Ministry of Environment and Union Affairs. Deputy Health Minister Hamisi Kigwangalla was promoted to lead the Ministry of Natural Resources and Tourism, replacing Jumanne Maghembe.

Magufuli is overhauling the mining industry in sub-Saharan Africa's sixth-biggest economy, with a target to double its contribution to gross domestic product to 10% by 2025. In March, he banned mineral exports and ordered an audit that found London-based Acacia Mining Plc understated the taxes it owes Tanzania, a finding the company disputes.

**BLOOMBERG, October 7, 2017**

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