

# AFRICA OIL AND GAS

BREAKING NEWS AND ANALYSIS FROM AFRICA

## Trio down to wire for Marathon E Guinea

Three consortia have been shortlisted by Marathon for a series of new contracts, including a new compression platform, offshore Equatorial Guinea.

The US independent sent out prequalification documents last year for the contracts relating to the new project in the **Alba** field at a water depth of around 250ft (76m).

It has now shortlisted the unusual combination of Global/Kiewit/Mustang, the duo of Heerema/Dynamic and Saipem by itself.

The full Engineering, Procurement, Construction and Installation (EPCI) bids are now due out in August with an award in the first quarter of next year.

WorleyParsons in Houston conducted the preliminary engineering.

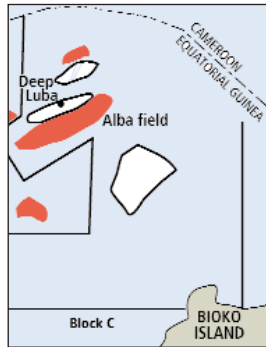
The new platform will be linked by bridge to an existing process platform as well as by subsea pipelines to two existing wellhead platforms.

The new topsides deck will weigh around 7,000 tonnes and Marathon asked companies if they would be interested in transport and installation as part of the EPCI contract.

Marathon is also inquiring about interest in a new jacket, a bridge and supporting tripod, two 4km pipelines and brownfield work on existing platforms.

Marathon has a tentative schedule for engineering to be completed in early 2011.

The Alba field is held by Marathon, Noble Energy and national oil company GEPetrol. It is around 28km offshore Equatorial Guinea.



## Noble prepares for four West Africa projects

Noble Energy is to stage four developments in West Africa with the first to be an FPSO development offshore Equatorial Guinea (EG) for which the plan will be submitted this year.

In total the company believes it has 270m boe of net resources in West Africa, after last year's exploration campaign turned up a series of new finds in EG and Cameroon.

The **Benita** discovery in **Block I** is to be fast-tracked with the plan for development to be submitted this year, project sanction expected around March/April next year and first production in mid-2012. Gross capital expenditure is estimated to be between US \$0.7-1.1 Bn. Production via five wells is expected to be around 50,000 boe/d.

The development will involve the FPSO with the five production wells, two water injection and one gas reinjection. The water depth is around 2,900ft (885m).

However, this could later be added to by a joint development with the **Belinda** discovery in neighbouring **Block O**. This gas field will involve gross capital expenditure of \$1.3-2.0 Bn when onshore facilities and the offshore platform are included. FEED studies are not expected to be completed until early 2010 and will be completed alongside the gas market plan of development. First production is then expected in mid-2014 via five wells with a peak of 80,000 boe/d. Gas is likely to be piped to shore for Train 2 of the LNG

plant at Bioko while liquids will be piped to Benita.

Noble Energy also has the **YoYo** discovery in **Block PH-77** in Cameroon where net reserves are put at 88m boe. First production from this too is expected in 2014 at a rate of 30,000 boe/d via two wells.

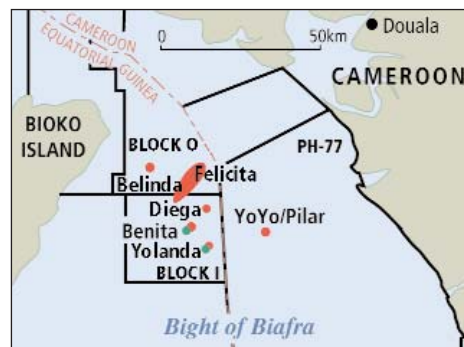
The **Yolanda** field in EG will start up in the same year with production of 40,000 boe/d via three wells. The latter two may be subsea tie-backs.

Noble is currently preparing to test its third well on the Benita structure while it appears to have made another similar discovery with the **Felicita** well. The well determined the net oil pay to 43ft (13m) and defined the oil-water contact. It was designed to determine dip reservoir limits as well as provide an opportunity to flow test the oil zone. The firm only came across the oil zone with its second well on the field and as it had not been expected

was unable to test.

After this the **Sedco 700** will move to drill on a Miocene prospect named **Diega**.

The company has also reached total depth on the Felicita prospect in Block O and has identified an apparent gas condensate bearing sand with anticipated yields similar to the Belinda discovery.



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## **Political risks grow for operators**

Political risks are growing for oil and gas producers and are now spreading to emerging markets in Africa and Latin America, said a report published by international ratings agency Standard & Poor's (S&P).

Political issues have always been a major concern in assessing oil companies with significant operations outside the prosperous OECD countries. Recently, the issues have grown for certain firms, S&P said.

"Negative developments, initially focused on specific, major oil-producing countries such as Iran, Iraq, Nigeria, Russia and Venezuela have become more widespread, touching the majority of emerging markets in Africa and Latin America," said S&P credit analyst Emmanuel Dubois-Pelerin.

Political risks have escalated in Algeria, Bolivia, Ecuador and Kazakhstan, he added.

## **Woodside cleared of Mauritania bribes**

Woodside's woes in Mauritania are finally over as the company was cleared after a two year investigation following a bribery allegation.

An Australian Senator had asked the police to investigate Woodside in relation to allegations of bribery by the company of a Mauritanian foreign official.

Woodside said the police: "... have now provided Woodside with formal written advice that their investigation has not identified any evidence against any individual or entity for the

offence of bribing Mauritanian officials, and that their inquiry is now complete."

Woodside sold its acreage in Mauritania to Petronas last year for a total of US \$418m after a torrid time in the country which saw the flagship deepwater **Chinguetti** project suffer a slump in production. To make the extra expense of remedial work ever more galling, the partnership was forced to pay \$100m more to a new government in the country which was complaining about irregularities.

## **Sudan peace in jeopardy**

The peace deal which stopped 20 years of bloody civil war in Sudan is in dire jeopardy.

Heavy fighting has resumed in Sudan's oil-rich town of Abyei between the army and southern ex-rebels.

An army spokesman said the former rebel SPLA had attacked with tanks and that both sides had suffered heavy losses.

The long-running dispute over the status of Abyei threatens the 2005 peace deal which ended the civil war in which 1.5m people died. An administration has yet to be set up in Abyei, which is claimed by both the north and south.

Edward Lino, the most senior southern politician in the

town, blamed the violence on the army which he said had massed troops in the town.

"The objective of the SPLA was first of all to defend ourselves and the area, and to defend the people," he told the AFP news agency.

He said it was the biggest violation of the 2005 peace deal so far. Under the 2005 peace deal, the SPLA joined a government of national unity.

As part of the deal, nationwide elections are due to take place next year, to be followed in 2011 by a referendum on whether the south should secede.

## **Halliburton still tracking Expro**

Expro International said that Halliburton is still carrying out due diligence, which may or may not lead it to make an offer for Expro.

Expro has agreed to be acquired by a consortium of private equity funds for about US \$3.0 Bn. However, Halliburton said it is considering trumping the bid with a higher, all-cash offer once it completes due diligence.

Expro made the comments alongside a strong set of full-year earnings, reporting a 45% increase in net profit to \$97m.

The company said revenue came in 18% higher than in the previous year at \$1.2 Bn.

The current bid is from Umbrellastream – managed by private equity firm Candover, Goldman Sachs and Alpinvest.

## **Nigeria becomes piracy "number one hotspot" for first time**

Nigeria has become the world piracy hotspot, with its prized oil industry a particular target, and the raiders have exposed flaws in the country's security.

Nigeria is ill equipped to combat pirates who ply the seas with speed boats, modern machine guns and radios, targeting tankers, trawlers, barges and oil industry backup vessels.

According to the International Maritime Bureau (IMB), Nigeria accounted for 10 of the 49 attacks registered worldwide in the first quarter of 2008, more than 20%. It called Nigeria "the number one hotspot" for piracy.

It has taken over from Indonesia for the first time in 16 years of reporting.

The International Maritime Organisation (IMO), a UN body, is drawing up a report on Nigeria which, it says, will be confidential and shown only to the authorities.

Last month a seminar in Abuja brought together top officials

from the Nigerian navy, the Nigerian Maritime Security Agency and IMB head Pottengal Mukundan to discuss how to protect Nigeria's 853km of coastline.

Spokesman Henry Babalola said the Nigerian navy lacks the means to combat pirates.

"Between Bayelsa and Delta (two oil-rich southern states) there are some 3,014 creeks leading to the ocean. With just 11 vessels it's extremely difficult to control these zones," he told the seminar.

In January, French maritime company Bourbon suspended activities on the Bonny River. The decision came after an attack on one of its vessels chartered by Shell.

The pirates do not content themselves only with floating targets: they also use their speedboats to launch lightning raids on banks in towns along the coast – Port Harcourt in particular.

## Chevron's Nigerian Nsiko waits on local content talks

Chevron is continuing with development planning and subsurface evaluation for its deepwater **Nsiko** discovery in Nigeria but says an investment decision is contingent upon negotiations concerning the level of Nigerian content in the project's contracts.

The Nsiko discovery is in **OML 140** in approximately 5,800ft (1,768m) of water, 145km off the coast of the western Niger Delta region.

At one time the field had been set for first oil in 2010, but it has gradually slipped down the queue.

As previously revealed by AOG, the planned FPSO has now grown from 75,000 b/d to 100,000 b/d with first production probably targeted around 2013.

In 2004 Chevron quietly drilled two successful appraisal wells on Nsiko, on which the original discovery was made in 2003, and said that "both wells confirmed the presence of producible crude oil over the entire structure".

The rank wildcat **Nsiko-1** well was drilled to a total depth of 13,968ft (4,257m) in 5,674ft (1,729m) of water. It discovered a "substantial" amount of net hydrocarbon pay in multiple zones.

## Total back to appraise Congo deep

Total is planning to appraise a deepwater discovery off the Republic of Congo before the end of the year.

The well will be drilled to appraise the **Moho Marine North 1** and **2** wells made in the **Moho-Bilondo** permit in the first quarter of last year. Total recently said it expects first oil from the field in the 2012-15 time frame.

The **Moho North Marine-1** discovery well was drilled to a total depth of 8,678ft (2,645m) and encountered a 459ft (140m) oil column. Drilled to a total depth of 7,678ft (2,340m) around 1.5km from the first well, the **Moho North Marine-2** discovery well encountered a different set of two oil reservoirs that are connected, one overlying the other. One

contained a 256ft (78m) column and the other a 72ft (22m) column. The water depth for both wells was around 3,281ft (1,000m).

The wells were the second phase of the campaign to add resources to the current Phase 1 development of the **Moho-Bilondo** field.

They follow the **Mobi Marine 2** discovery in 2006, which will be connected to the **Moho-Bilondo** floating production unit (FPU).

The initial Phase 1 development plan for **Moho-Bilondo** consists of 12 subsea wells tied back to the FPU whose output – around 90,000 b/d at peak – began last month.

## Statoil/Shell Nigerian Nnwa/Doro studies

Statoil and Shell are continuing to study development alternatives for the joint **Nnwa/Doro** gas project in deepwater Nigeria.

Commerciality is dependent upon resolution of the Nigerian Deepwater Gas fiscal regime and collaboration agreements between the consortia involved in the two neighbouring blocks, but Statoil and Shell are trying to revitalise the commerciality of the fields which were discovered last century.

**Nnwa** is in Statoil's **OML 129** (formerly part of **OPL 218**) while **Doro** is in Shell's **OML 135** (formerly part of **OPL 219**). Gas reserves are estimated at 6-9 Tcf and Statoil is keen to use this to supply an onshore LNG plant.

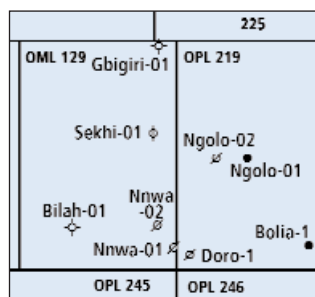
Originally, the partners in the two blocks signed a memo-

randum of understanding in 2002 for a feasibility study for a possible joint development of **Nnwa** and **Doro** via a floating LNG project. The thinking then was that the floating LNG project would need reserves of 10 Tcf. However, the project was quietly shelved in 2005 when it was decided that costs made the project uncommercial.

A new joint study has now restarted.

The companies have been waiting for years for terms for deepwater gas. The original production sharing contracts omitted to give terms for ownership of gas. It now appears that the government will retain ownership of

the gas but will offer the operators first right of refusal to come up with a commercial utilisation plan at a set price.



## Prosafe to increase pricing

Prosafe Production said it intends to increase its pricing on future bids for FPSOs.

While announcing first quarter results, the firm said it expects the rate of return on new projects to improve because of the high number of projects likely to come on to the market over the next 12-18 months.

"The company has execution capacity to take on new projects in the short-term. Given the increasing demand, such execution capacity has a high value and the company will ensure that this is reflected in increased pricing on future bids," it said.

Prosafe is in the higher tier of FPSO contractors which includes the likes of Moddec, SBM and Aker. Competition is

expected to be more aggressive in other sectors of the market.

"The demand for FPSOs for new projects is growing and oil companies' motivation for increasing capacity and/or extending useful life of existing units is increasing.

"Following a somewhat disappointing number of FPSO awards in 2007, there has been a significant rise in expression of interest from oil companies and several tenders are in the pipeline," Prosafe said, adding: "Moreover, there has been an increase in the number of enquiries for potential upgrades, modification and contract extensions on existing units."

The company also said that the tight market for equipment and skilled people meant there will be cost increases on its three current projects – something also felt by its competitors.

## Ocean Dynamics grabs Chevron Angola FEED

Ocean Dynamics has been awarded a FEED study by EDG for the detailed design of a platform off Angola.

The Dockwise subsidiary has started work immediately on the work for Chevron's **South Nemba** platform in **Block 0** off the Angolan enclave of Cabinda.

The project is part of Chevron's continual effort to try to lift production from **Block 0**. Other projects include **Banzala**, **Malongo**, **Limba Southwest** and **South N'Dola**.

Upstream engineering carried out the pre-FEED work on the shallow water project.

## Tunisia offshore marginal appraised

Newly formed marginal mature field specialist Delta Hydrocarbons is getting straight down to work on existing fields offshore Tunisia.

The Dutch firm is earning a 50% stake in the **Sfax** permit for a total of US \$125m, which includes a two firm well and two optional well programme with SeaWolf Oil Services for the *Delta Queen* jack up.

The first well will be drilled next month on the **Ras El Besh** field. A second Ras El Besh well is planned to follow immediately. After the completion of these two, the partners plan to drill a well to appraise the nearby **Jawhara** oil field.

Both fields have been drilled in the past by previous opera-

tors and tested positively for oil. One well on the Ras El Besh structure drill-stem tested at 612 b/d of oil. The well on the Jawhara structure tested at 1,200 b/d of oil. The current planned drill holes are designed to position the penetration of the prospective formations at levels determined to be potentially more productive based on the information derived from new 3D seismic.

Delta's four core investors, each with a commitment of \$250m, are SHV, 3i, Mercuria and Reliance Industries.

Delta is a company dedicated to increasing oil and gas production and reserves in mature and underdeveloped fields.

## Subsea leads upstream costs up another 6% – CERA/IHS

Upstream development costs have reached a new record high led by subsea equipment, according to the most recent IHS/Cambridge Energy Research Associates (CERA) Upstream Capital Costs Index.

Globally, costs increased an additional 6% in the past six months and in West Africa appear to have risen even higher. Overall, costs have doubled since 2005.

The latest increase raised the index to 210 points from its previous high of 198. The values for the UCCI are indexed to the year 2000, meaning that a piece of equipment that cost US \$100 in 2000 would cost \$210 today.

"These costs are a serious concern and a major challenge for oil and gas companies and are contributing to the delays and postponements of many projects," said Pritesh Patel, director for the Capital Costs Analysis Forum for Upstream. "Exchange rate fluctuations and the weakening US dollar also contribute. With the dollar the reporting currency of choice, this has a dramatic effect on final construction costs for projects in some regions such as ... West Africa."

Specialised deepwater equipment that is required for subsea,

particularly umbilicals and control systems, showed the largest increase of any area on the index. Continued manufacturing constraints, coupled with higher materials and labour costs, led to increases of 12% in the past six months.

The costs of installation vessels are also on the rise after briefly levelling off in 2007. Their rates have increased 2% in the past six months.

The new increases are driven by the rising costs for raw materials and transportation. Raw materials such as iron ore, that are needed to produce steel, have increased considerably, as much as 60% in 2008 as ore contracts have been renegotiated. Rising fuel prices continue to drive the shipping costs upward. The effects of this will be seen in the finished steel and will have consequences for equipment prices.

"Oil industry construction activity remains high in an already tight market for equipment and personnel. Steel costs continue to increase across all industries. Fuel costs for transportation are rising. The near-term outlook shows no reprieve in increasing construction costs," said Patel.

## Nigeria upstream projects one step closer

The resumption of upstream developments in Nigeria is one big step closer after the government signed US \$3 Bn of deals with ExxonMobil and Total, with Shell expected to follow suit shortly.

Nigeria is supposed to provide its share of the funding for its operations with its joint venture partners – Agip, Chevron, ExxonMobil, Shell and Total. However, it has normally had problems finding the cash and this year has been no different, with the 2008 joint venture budget set at \$15.2 Bn but the government only able to fund \$4.9 Bn of its \$8.8 Bn commitment.

It has now signed a \$2 Bn deal with Exxon and a \$1 Bn deal with Total. For the companies one major concession was that they will be repaid in cash rather than as previously in oil.

"This funding will be used to finance major oil and gas upstream development projects," NNPC spokesman Levi

Ajuonuma said in a statement.

NNPC said the "modified carry agreement" introduced a greater level of transparency as the repayment is in cash rather than crude, adding: "The compensation is also competitive and comparable to a bank loan."

These carry agreements are only a short-term solution to the funding shortfalls, which are preventing the Nigerian industry from reaching its full output potential.

Energy Minister Odein Ajumogobia said last month that Nigeria also planned to raise cash on both the international and local capital markets to help fund the joint venture projects and avoid future shortfalls.

Total's deal with NNPC is designed to help with projects including upgrades at **OML 58** and the ongoing **Ofon Phase II**, according to a company spokesman.

## Technip boosted by subsea

Technip said that a high performance from its subsea business would help lift its overall operating margins for the year.

Thierry Pilenko, CEO, said: "Subsea now represents 40.3% of our backlog and we have raised our subsea operating margin forecast to above 16% for the year while maintaining our combined operating margin forecast for the onshore and offshore segments. Subsequently we estimate group operating margin will be 7.6%."

At the end of first quarter of 2008 group backlog was down to US \$13.35 Bn, compared to \$14.53 Bn at the end of 2007.

The backlog breakdown by business segment sees subsea with 40.3%, offshore with 6.6% and onshore with 53.1%. Africa accounts for 16% of the total compared to 11% last year, while the Middle East still accounts for a massive 30%.

For the quarter, subsea revenue reached \$850m compared to \$892m during first quarter 2007, including work from **Agbami** in Nigeria and **Pazflor** in Angola.

Offshore revenue was down 16.2% at \$289m.

Onshore revenue was \$1.67 Bn, up 10.8% compared to the first quarter of 2007.

## SBM steps closer to Nigerian Uge FPSO

SBM's hopes that ExxonMobil will use one of its FPSOs for the development of the deepwater **Uge** field offshore Nigeria have come one step closer to fruition after the US supermajor extended a contract.

The firm from Monaco has been hoping that Exxon will use the FPSO *Falcon* for the field. The *Falcon* was on Exxon's **Yoho** field off Nigeria but is currently laid up in Singapore with the lease contract not due to finish until November. However, Exxon has now extended the lease and operator contract for only a year, meaning it simply wants to hold on to it while it finalises plans.

At one point it appeared the *Falcon* would go to Chevron for the **Negage** project off Angola but now Chevron is looking at all options and SBM is negotiating for the Uge field in Nigeria's **OPL 214**.

The find was made in the northwest of the acreage with the first well on the block back in 2005. It was drilled in 4,144ft (1,263m) of water to a total depth of 16,831ft (5,130m) and encountered more than 300 ft (91m) of net oil pay.

● Agip has exercised its right to buy the FPSO *Mystras* from SBM. The vessel is on the **Okono** and **Okpoho** fields off Nigeria.

## Verenex Libya commerciality application

Verenex is preparing to submit a commerciality application for its project in Libya next quarter.

The Canadian firm is planning a project with initial production of 50,000 b/d by early 2010 for its acreage in the southern part of **Area 47**.

The FEED for the proposed gathering lines, oil and gas export pipelines and processing facilities are progressing with two engineering firms.

A workshop was held in late April with various departments of the NOC in Tripoli to outline the development planning underway and to seek their input and ideas to efficiently

progress the regulatory process for the project.

Seven wells (six exploration wells and one appraisal well) have tested at an aggregate rate of 83,000 b/d and have been suspended as potential future oil production wells.

The company currently has two drilling rigs under long term contract which enables the spudding of up to 11 to 12 wells during 2008. The programme will include a mix of exploration and appraisal wells to maximise resources prior to the expiry of the exploration phase in March 2010 and to find resources in existing discoveries in the southern part of Area 47. This will underpin the initial commerciality application.

## Globestar gets Usan manifolds

Cameron has awarded Acergy a US \$50m contract for Total's **Usan** project offshore Nigeria.

The deal is for the fabrication, assembly and testing of eight manifolds and support structures, eight suction piles, 23 well jumpers and other subsea structures.

The work will be undertaken at the Globestar Yard in Warri. Olivier Carre, VP, Acergy Africa and Mediterranean, said: "We

are pleased to be awarded this contract which builds upon previous successful contracts with Cameron. This contract demonstrates that our decision, in 2005, to invest in developing specialist skills in our Globestar Yard to deliver world class fabrication for our clients, has proven to be a successful strategy. The yard in Warri is an integral part of our business and continues to reflect our commitment to the Nigerian Oil and Gas sector."

## Eni follows new Congo tack

Eni said it had opened a new frontier in Africa by launching a new integrated form of cooperation after it signed an accord with the Republic of Congo partly for exploration and development of tar sands.

Studies of a 100sq km section of the deposits at **Tchikatanga** and **Tchikatanga-Makolas** indicate recoverable reserves of between 500m-2.5 Bn bbl, Eni said.

"I believe that the opening of this new front for non-conventional oil in Africa could be an extraordinary event, a new frontier," chief executive Paolo Scaroni told reporters at the signing.

Eni will invest US \$4.7 Bn in the Republic of Congo from 2008 to 2012 and will generate equity production of 150m boe.

As part of the spending, it will invest in a biofuels programme and become a 20% shareholder in a 450 MW power station near the Djeno oil terminal.

Scaroni said that Eni would increase its crude oil output from the Republic of Congo this year by 30%, from production of 80,000 b/d.

Eni is the second biggest oil producer in the country after Total.

The Congo Republic expects its crude oil production in 2008 to rebound to 105m bbl, more than 20% up on last year's output. It ranks behind sub-Saharan Africa's biggest oil producers Nigeria, Angola and Equatorial Guinea, and its reduced 2007 production also lagged behind neighbouring Gabon.

## GAS

### FSRU margins tighten and onshore LNG costs hurt

BW Gas became the latest company to warn about problems in the LNG market.

The company confirmed that it believes the only two projects in the world this year that might have final investment decisions are **Nigerian LNG Train 7** and **Brass** – both in Nigeria. It also said that trade growth beyond 2011-12 will be negatively impacted by project delays and that LNG liquefaction costs have quadrupled over the last five years from US

\$250 to more than \$1,000 per ton of LNG capacity.

It also said while the market for floating, storage and regasification units is still active there are more parties interested in competing meaning that margins are under pressure.

With little tender activity and the LNG fleet expected to grow by 30% this year alone the 20-30 vessels it currently sees as simply "floating around" with nothing to do may well increase in the near future.

## Premier to be carried through Congo deep

Premier Oil now looks set to be carried through a two well deepwater campaign offshore Congo Brazzaville later this year by a new partner.

The UK independent will assign a 27% interest in the **Marine IX** to the new partner. It hopes to start exploration in the fourth quarter and will be drilling on two targets called **Frida** and **Ida** which each have the potential to hold 260m bbl and 320m bbl gross respectively.

The water depth on both is 1,903ft (580m) and the chances of success are put at one in seven.

Premier will retain a 31.5% operated interest in the PSC, with Ophir Energy keeping 31.5% and Société National des Pétroles du Congo holding 10%.

So far Premier has had little luck in West Africa and at one point was planning to sell its assets. It bought into Woodside's disappointing **Chinguetti** field, has drilled a series of unsuccessful high risk wells off Guinea-Bissau and was a partner in Sterling's recent **Admiral** well off Gabon.

Marine IX covers 1,044sq km in water depths ranging from 984-1,640ft (300-500m).

Premier won the block in a mini-licensing round in 2003. It was previously held by Anadarko which drilled a well in 2002. The **Rita Marine-1** well was drilled in a water depth of 4,500ft (1,365m) and was planned to go to a total depth of 8,660ft (2,625m) but proved disappointing.

## Liberia extends bid deadline

Liberia has extended the deadline for bids on new offshore oil blocks by one month to try and garner greater interest.

The country, which is one of the real exploration frontiers in West Africa, has extended the deadline until 1 July

The 10 blocks up for grabs each cover an area of approximately 3,000sq km from the coastline to about 9,843ft (3,000m) water depth

Offshore Liberia is one of the last virtually unexplored frontiers of the prolific West African offshore area. In 2004 Woodside took **Block 15**, while Repsol won the rights to **Blocks 16** and **17**. Liberia then held a licensing round in 2005 and UK independent Broadway Consolidated won **Block 13**,

while European Hydrocarbons was awarded offshore **Blocks 8** and **9** and Nigeria's Oranto won **Block 12**.

Those contracts were re-examined as part of a larger review of deals signed by the interim government, when President Ellen Johnson Sirleaf took office in 2006.

The review has re-negotiated terms in some cases and required all contracts to be brought before parliament for ratification.

The contracts with Repsol, Woodside and Regal have passed the Senate and are shortly expected to be voted on by the lower house. The contracts with Broadway and Oranto have already been approved.

## White Nile extends to Nigeria

Controversial UK minnow White Nile hopes to drill quick appraisal wells after farming into two marginal fields in Nigeria.

The firm is buying PA Energy Africa (PAEA) as part of its strategy of gaining exposure to additional projects and expanding its geographical reach, which currently includes Southern Sudan, Ethiopia, Kenya and now Nigeria.

PAEA holds service contracts for the development of two Nigerian marginal fields: the **Dawes Island** field in **OML 54** and the **Tsekelewu** field in **OML 40**. The service contracts have

been executed with the marginal field licence holders Eurafic Energy and Sahara Energy respectively.

The Dawes Island marginal field was previously held by Chevron, which drilled an oil and gas discovery well in 1979. The Tsekelewu field was previously held by Shell. Both blocks were subsequently covered by 3D seismic.

White Nile's said it wants to further appraise the discoveries by drilling on both blocks during the next 12 months, subject to rig availability.

## Dana deepens Egypt interest

Dana Petroleum's ever greater interest in Egypt continues with the firm buying into another block while it is nearing results from its first two exploration wells.

The UK independent is to buy a 40% interest in the **South East July** block in the Gulf of Suez offshore Egypt from Santos.

Dana will operate the next well in the block using the *InterOcean-III* jack-up drilling rig, which has just begun working for Dana in the Gulf of Suez.

It is contracted for an initial eight month period with Dana planning to firstly workover existing oil production wells and undertake infill drilling at its **East Zeit** oil field.

Dana will then embark on an extensive exploration programme in the Gulf of Suez, including the first SE July well.

SE July is close to Dana's existing producing oil infrastructure at East Zeit so the latter could provide an easy development option for new oil discoveries. This new concession is also in the same area as the **North Ghara** block, where Dana is working with BP and recently acquired new seismic data to identify and high-grade drilling targets.

Dana is currently drilling two wells offshore Egypt, at **West El Burullus** in the Nile Delta and at **West Gihan** in the Gulf of Suez, and results from these are expected in the coming weeks.

## Devon sales nearly final

Devon Energy completed the sale of its operations in Gabon with the sales in Cote d'Ivoire and Equatorial Guinea expected shortly.

The buyer in Gabon is Oranje-Nassau Energie at a price of US \$205.5m (see AOG 15 Nov 2007).

Devon agreed to sell its operations in Cote d'Ivoire to

Afren for \$205m (see AOG 12 March). It has agreed to sell its operations in Equatorial Guinea to GEPetrol, the national oil company of Equatorial Guinea, for \$2.2 Bn (see AOG 10 April).

Devon expects to complete these remaining transactions around mid-year 2008.

## VAALCO gets back to work in Gabon

VAALCO will spud the first in a series of exploration wells in Gabon in September.

The company has two jackups for offshore drilling with the first to be used to drill three exploration wells in the **Etame Marin** block: an appraisal well for a possible expansion of the **Ebouri** development project and two additional wells on newly mapped structures. These three wells have gross reserve potential additions of more than 60m bbl. Drilling will start in September and they will be drilled back to back. The second rig will be used to drill development wells at the ongoing

Ebouri project.

Onshore Gabon, VAALCO has committed to a rig to drill two wildcats with combined potential reserves of in excess of 30m bbl starting in December. VAALCO has a 100% working interest in the onshore **Mutamba** block.

The company said it is also moving forward on the planning for a well on Angolan **Block 5** in the first half of 2009. The consortium has identified four prospects and will high grade these into a drilling recommendation in the near future. Prospect reserve potentials range from 20-150m bbl of recoverable oil.

## DNO down to business in Mozambique

DNO has revealed further details of next month's well planned in ever more active Mozambique.

The **Sangussi-1** well will be spudded in the firm's onshore **Inhaminga** block where it previously drilled two dry holes.

It is seen as a high risk high reward prospect with gross potential recoverable reserves of 2.1 Tcf of gas and 40m bbl of condensate. The probability of success is around 10%. DNO's

hope is to uncover adequate gas supplies to tie in to the pipeline from the **Pande** and **Temane** fields down to South Africa.

The block covers 16,000sq km and the exploration period expires in November.

Earlier this year DNO said it may consider East Africa as a potential future core area.

## Tower prepares for Uganda, claims 10 Bn bbl off Namibia

Tower Resources is still hoping to spud its first well in Uganda before the end of the year while it says seismic on a block in which it is a partner off Namibia confirms the presence of giant structures which could contain up to 10 Bn bbl of oil.

In **Block 5** in Uganda processing and interpretation of seismic is continuing and should be complete by the end of May. Planning and preparations are geared to Tower drilling its first well in Block 5 before the end of 2008.

In Namibia seismic interpretation has confirmed the presence of giant structures which could contain 10 Bn bbl, unrisks, from three prospects. Arcadia Petroleum is operator

of **Licence 0010** in northern offshore Namibia, in which Tower retains a 15% carried interest. The results from last year's 2D seismic confirm the presence of giant structures and indicate a significant probability that these would be oil bearing, according to Tower. Large volumes of associated gas would also be present, it said.

Future plans are being finalised for the next year to significantly increase seismic coverage over the three large prospects with a view to drilling a first well within the next two years.

Tower is also currently negotiating for acreage in Tanzania (see AOG 8 May).

## Tullow looking for hard facts in Uganda

Tullow Oil is sidetracking its first well in a new campaign in Uganda after inconclusive results.

The **Taitai-1** exploration well in **Block 2** is the first of a nine well campaign in the Butiaba area.

It encountered 16ft (5m) of net gas pay and at least 26ft (8m) of net oil pay. Downhole pressure testing and sampling confirmed the presence of moveable 30° API oil and a potential oil column of up to 262ft (80m).

The uppermost oil sand exhibited high permeability; however pressure sampling of underlying oil sands was inconclu-

sive. Consequently the well is being sidetracked and the oil bearing zones cored.

On completion of operations at Taitai-1, the rig will move 10km to the north-east and drill the **Lanya-1** prospect at the end of May. The best candidates for testing will be assessed on overall merit, at the end of the drilling campaign.

Tullow boss Aidan Heavey said: "The discovery of oil at Taitai has proved the existence of a working petroleum system over 70km from the previous wells drilled in the Kaiso-Tonya region "

## Petronas hopes for third time lucky in Sudan

Petronas' second of four wells in southern Sudan seems to have followed the first as a dry hole.

The **Wan Machar-1** well was in the swamp area on the east flank of the southern Muglad Basin in **Block 5B**. Minor gas shows were encountered but no oil shows were recorded. It is expected that the logs will confirm the well as a dry hole and if so it will be plugged and abandoned.

The well is the second of a four well programme scheduled for Block 5B in 2008. It was drilled using the *Dietswell RCR 1200* rig in a swamp location in the north eastern part of the block. The next two wells are targeted at the eastern flank and central area of the basin, both in the swamp, and will be drilled using the same barge mounted drilling rig complex.

## Petroceltic prepares for Algeria/Tunisia wells

UK independent Petroceltic International is preparing for wells on its acreage in Algeria and Tunisia.

In Algeria it is operator of the **Isarene** production sharing contract. It is currently acquiring an 890sq km 3D seismic programme over a large gas/condensate prospect **Ain Tsilla Ridge** in the north eastern part of the permit, which according to Petroceltic's estimates could contain gas resources of

greater than 2 Tcf.

Tender documents have been issued for drilling in the first quarter of 2009.

In Tunisia is operator of the **Ksar Hadada** permit where drilling has been deferred until first half 2009, due to rig availability issues, and to incorporate exploration drilling results on adjacent permits.

## Tullow targets oil for Ghana shallows

Tullow has decided to hunt for oil rather than continue with a potential gas project in its Tano Shallow block in Ghana.

The firm has incorporated the results from its successful deepwater exploration in neighbouring blocks and is hoping to find a jackpot to spud the **Ebony** prospect in Tano Shallow in the next quarter.

The prospect is said to be similar to the recent deepwater **Odum** discovery.

The block contains a series of fields but until the new data was incorporated **South** and **West Tano** were seen as the most promising after an appraisal well on **North Tano** late last year proved disappointing.

South Tano is a gas field with an oil rim. 2P reserves are estimated at 104 Bcf. It was discovered by Phillips in 1978. GNPC drilled a well in 1992 and tested 13.3

MMcf/d of gas and 1,480 b/d of oil.

West Tano is a heavy oil find that flowed 754 b/d of 15° API oil. Estimated contingent resources are 23.4m bbl. The field is in the far south of the block neighbouring the **Deepwater Tano** acreage and it is to the north of this that **Ebony** will be drilled.

The previous gas development was thought to require the installation of two platforms, North Tano in approximately 170ft (51m) of water and 18km offshore and South Tano in approximately 400ft (122m) of water, 38km offshore.

Tullow and InterOil both have 31.75% stakes in the block, while Thani Ghana holds 22%, Sabre Oil 4.5% and Ghana National Petroleum Corporation has a 10% carried interest.



## Chevron commercial Nigeria find...

Chevron has made a new commercial shallow water discovery in Nigeria.

The firm has quietly drilled the **Buko-2** appraisal well in **OML 86** in the western Niger Delta with "preliminary resource evaluation establishing commerciality for the field".

The original well was drilled back in 1967 to a total depth of 11,925ft (3,634m).

The block already contains the **Okubie**, **Apoi North/Funiwa** and **Senaga** oil fields.

## ...and rare Nigeria deep well

Chevron is planning what is currently a rare deepwater wildcat in Nigeria.

With the Nigerian upstream still pretty much stalled as operators wait to see a new system in place the US major is planning a well in **OPL 247**.

The highly prospective block neighbours **OML 130** which

contains such discoveries as **Akpo** and **Egina**. OPL 247 is on the border with Equatorial Guinea and is operated by Chevron with a 40% stake while Total has 36%, Heritage Oil has 10% and NNPC holds the remaining 14%. The block is around 150km offshore southeast Nigeria in water depths of 3,281-4,922ft (1,000-1,500m).

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