

African Oil & Gas

NEWSLETTER | LAST QUARTER 2020

INSIDE THIS ISSUE

PG. 2

Has the African continent been spared the worst of COVID-19?

PG. 4

The ants can carry an elephant (Mossi proverb), Cote d'Ivoire's political future is uncertain.

PG. 7

Total to manage Djeno terminal in Congo



AFRICAN OIL & GAS COUNTRIES DURING THE LAST QUARTER 2020

HOW WILL THE COVID-19 PANDEMIC CHANGE
AFRICA'S OIL AND GAS INDUSTRY?

AGAINST THE BACKDROP OF COVID-19

HAS THE AFRICAN CONTINENT BEEN SPARED THE WORST OF COVID-19?

Most of us in Europe and elsewhere are now confined or locked down due to the spiralling cases of COVID-19. The African continent has been spared the worst of the COVID-19 pandemic according to the figures. In many countries' life is returning to semi-normal with the re-opening of regional travel, the economy (such as the hospitality sector) and even the organisation of events. How has the African continent been touched so lightly by the pandemic and can the figures be trusted?

The continent has had 1,893,619 cases with 45,433 deaths up to 8th November 2020 according to the [Johns Hopkins Bloomberg School of Public Health](#). Taken into context that is equivalent roughly to the amount of cases in France and slighter lower than the death toll in the United Kingdom. The top six countries in the continent for COVID-19 cases are: South Africa, Nigeria, Morocco, Libya, Egypt and Ethiopia. South Africa, Kenya, Ethiopia, Algeria, Angola, and Uganda have recently recorded minor spikes in cases, as restrictions have been relaxed.

The continent's death rate per capita is quite low compared with other parts of the world. [The World Health Organisation](#) said that the low death rate could be attributed to the African continent having a young population with more than 60% below the age of 25. At the same time the climate means that many people spend more time outdoors than indoors, thus limiting the spread of the disease (as witnessed during the warmer months in Europe, cases dropped). Problems like obesity and type 2 diabetes which contribute to the COVID death rate are also less common in Africa.

So, if this is the case, why are African countries not included in air bridges to Europe, as surely, they have similar low case numbers to other countries outside of the continent who are afforded the privilege to travel? The main issue seems to be the low testing level in Africa compared to other continents.

TESTING TIMES FOR THE AFRICAN CONTINENT

According to a recent [BBC report](#), ten countries account for 75% of total tests conducted on the continent (South Africa, Morocco, Ethiopia, Egypt, Kenya, Nigeria, Cameroon, Rwanda, Uganda and Ghana). In the report it states that South Africa carries out 82 tests per 1000 people, whereas the United Kingdom tests 437 per 1000 people. Africa's most populous nation, Nigeria just carries out 3 tests per 1000 people. Therefore, the lack of confidence in the continent's COVID statistics seems to emanate from lack of tests per capita.

What would be an interesting survey could be to study the amount of deaths on the African continent, pre-COVID for example November 2018 – November 2019 vis a vis November 2019 - November 2020. This could give a clearer figure if the mortality rates have increased due to COVID-19. However, it is good to be optimistic and we all wish that figures stay low and Africa once again proves its resilience.



STREAMLINING AND PIVOTING THE VACCINE TO CURE AFRICA'S OIL AND GAS INDUSTRY POST PANDEMIC WOES

Capital expenditure has been cut drastically in Africa's oil and gas industry, this will have major future ramifications for both the private and public sectors. Capex cuts have amounted to an estimated USD\$14 billion across the continent in 2020. An estimated 23% reduction (USD\$51 billion) is expected over the next half decade. Major ventures to have been hit are the capital-intensive East Coast LNG projects and West African Deepwater projects.

Exploration levels are at an all-time low and many forthcoming bid rounds, have been postponed or have attracted only a scant number of bids. This could have a future knock on effect with countries failing to maintain reserve replacements through exploration.

WHEN THERE IS A DOWNTURN, THERE IS ALWAYS AN OPPORTUNITY

There is a massive competition currently to gain capital, it is expected that companies will focus mainly on projects that can run economically at lower oil price forecasts. The expected result will be that companies will try to shift their non-core assets. This means that there will be significant opportunities for small and mid-cap companies to acquire some bargains to develop their future portfolios. More mergers will occur with companies looking to raise capital and pool their resources. Many oil and gas producers are also pivoting their business into the renewable and cleantech investments. This will offer their shareholders another source of perhaps more stable revenue to their portfolios.





OIL & GAS UPDATE PER COUNTRY

COTE D'IVOIRE OIL & GAS NEWS

THE ANTS CAN CARRY AN ELEPHANT (MOSSI PROVERB) COTE D'IVOIRE'S POLITICAL FUTURE UNCERTAIN.

The last quarter of 2020 has been momentous politically for several new oil and gas producers. countries. In Cote d'Ivoire, Alassane Ouattara, has hung onto power with a contested third mandate.

On November 3rd, 2020, the electoral commission of Cote d'Ivoire announced that President Alasanne Ouattara had been re-elected for his third team with a massive 94.3% of vote. The result was never much in doubt due to opposition candidates Pascal N'Guessan and Henri Konan Bedie calling their supporters to boycott the voting in the election. Outtara's re-election was subsequently greeted by protests as opposition supporters were tear gassed by the authorities. In addition to this Guillaume Soro, a former ally of Ouattara, announced that he compelled the army to support the opposition leaders. The international community notably the African Union, United Nations and ECOWAS has called for calm and peaceful negotiations. The next few months will determine the political future of Cote d'Ivoire.

Petroci, the Ivorian national oil company will build a 12,000-metric ton liquefied petroleum gas (LPG) storage facility in Abidjan, this will be in partnership with Sahara Energy, at estimated cost of \$43 million and will contribute to securing domestic LPG supply.

SAPURA DRILLING WILL DRILL OFFSHORE COTE D'IVOIRE IN THE FIRST QUARTER OF 2022 FOR FOXTROT INTERNATIONAL.

Foxtrot operates Block CI-27 which includes four gas fields. The government extended the partners of CI-27 license up by 10 years up until 2034. As part of the deal the investors committed to spending \$100 million on new processing equipment to supply power plants, as well as drilling three new wells.

SENEGAL OIL & GAS NEWS

ALL CHANGE IN SENEGAL!

President Macky Sall on the 1st November 2020, announced a major overhaul of the government to form a government of political unity. The big surprise was the appointment of opposition leader Idrissa Seck as Prime Minister. Seck finished second in the previous general elections and was a former Prime Minister in the Government of Abdoulaye Wade.

Madame Dr Aissatou Sophie Gladima, previously Minister of Mines & Geology has replaced Mouhamadou Makhtar Cisse as Minister of Petroleum and Energy. Madame Gladima is a geology and geophysics professor at the Cheikh Anta Diop University, an expert in ecology, conservation, and water management. She studied with the President of the Republic and is a trusted industry expert to take Senegal's potential to production in the next couple of years.

Australian oil and gas company FAR has agreed to sell its stake in Woodside-operated offshore blocks containing the Sangomar development to ONGC Videsh, India. FAR had been struggling to secure a loan to cover its costs for the development of the \$4.2 billion Sangomar project. FAR has been working to sell its Senegal assets for months, as the company had been in default over the payments of its share of costs for the development of the \$4.2 billion Sangomar project, after failing to secure a loan to finance its obligations. Rufisque, Sangomar, and Sangomar Deep Offshore Blocks (RSSD) offshore Senegal fields have all been sold as part of the deal. Woodside Petroleum is the project operator, and first oil is estimated in 2023. FAR will now concentrate on developing its prospects in Gambia and Guinea-Bissau.

The BP-led Greater Tortue gas development, which was initially planned to begin production in 2022, is now set to come on stream a year later.

Senegal has extended the deadline for its licensing round to December 15th, 2020 due to the COVID-19 pandemic. The country is offering 12 offshore blocks, the majority of which are in the ultra-deep water offshore.

Find out more about West Africa's oil and gas potential and meet all the Ministers and National oil companies from West Africa at [ECOMOF 2021, 3rd ECOWAS Mining & Petroleum Conference, Niamey, 14 – 16 September, Niamey, Republic of Niger.](#)

MALI OIL & GAS NEWS

EVEN A LARGE BOAT CAN OVERTURN (BAMBARA PROVERB), MALI WHAT NEXT?

The Malian Armed Forces mutinied on 18th August 2020 when they stormed the military base in Kati. The soldiers detained the President Ibrahim Boubacar Keita, Prime Minister Boubou Cisse and several other senior government figures. The President wishing for no further violence resigned soon after and left the country for medical treatment. The leader of soldiers and the newly formed National Committee for the Salvation of the People, Colonel Assimi Goïta, after negotiations with ECOWAS and the African Union agreed to an 18-month political transition to civilian rule. On the 12th September 2020, Bah Ndaw was named interim President with Goïta appointed Vice President.

On the 25th September 2020, a new government was formed with Lamine Seydou Traoré, an auditor and former Director General of Orange Finances Mobiles Mali SA named as Minister of Mines, Energy and Water.

AUREP BECOMES ONRP

The Authority for the Promotion of Petroleum Research (AUREP) was created in 2004. It was then established in March 2020 as an EPA (National Office for Petroleum Research). Ahmed Mohamed Ag the Director General, indicated that the missions of the ONRP are among others: the evaluation of the petroleum potential and associated substances, the updating of the petroleum database, the promotion oil research, monitoring and control of exploration production operations, etc.

Further information on the Mali's petroleum industry can be found at Mali's leading oil and gas conference [Journées Minières et Pétrolières \(JMP\)](#)



MOZAMBIQUE OIL & GAS NEWS

MOZAMBIQUE: SECURITY PROBLEMS IN CABO DELGADO ESCALATE

In August 2020, Islamic State militants seized the Mocimboa de Praia port in the Cabo Delgado region, close to the location of key natural gas projects. The conflict has really intensified this year and many investors are concerned about security risks. Mozambique's neighbours are also worried that it will spread outside of the country's borders. There were 424,202 (October 2020) internally displaced people in comparison with 15,000 at the end of 2018. The Government of Mozambique has requested international assistance to deal with the displaced people.

The Cabo Delgado region is rich in gas and mineral resources. Mining and oil companies will have to work closely with the government to counter the negative impacts that the sector has created such as the resettlement processes and violations of human rights, which are fundamental to the causes of extremism in this region.



Better news is that the \$20bn-plus Mozambique LNG project, operated by Total, has successfully secured up to \$16bn of financing from lending institutions. Exxon Mobil's Rovuma LNG project is at a standstill due to the fact the company has delayed deciding on investment until the end of the year.

Find out more about Mozambique's oil, gas, mining and energy sectors at the [Mozambique Mining and Energy Conference 2021 \(MMEC 2021\)](#)

NIGER OIL & GAS NEWS

ECOMOF RESCHEDULED DUE TO COVID-19 AND WILL TAKE PLACE IN NIAMEY, REPUBLIC OF NIGER IN SEPTEMBER 2021.

Niger will host from 14 – 16 September 2021, the 3rd edition of the forum of mines and petroleum, of the Economic Community of West African States (ECOWAS), ECOMOF 2020.

According to the Minister of Petroleum Fomakoye Gado, Ecomof, which is a biennial cooperation platform, aims not only to promote and develop the geo-extractive sector in the ECOWAS region, but also to highlight the development of technologies as well as "a continuous and inclusive dialogue for the development of the sector." It is therefore an occasion when the main players in the ECOWAS mining and oil sectors are trying to find solutions to strengthen this industry. It is also a platform for sharing ideas and forging new partnerships.

Fomakoye Gado commented: "West Africa is endowed with abundant geological resources. Notwithstanding all these resources, the sub-region has not been able to derive maximum benefit from the development of ECOWAS member countries. This prompted the Conference of Heads of State and Government to institute the organization of the mining and petroleum forum every two years." The event was previously scheduled for October 2020 but was rescheduled due to the COVID-19 pandemic.

For further information on how to take part at ECOMOF 2021 please check out the [event website](#).

BILATERAL AGREEMENT BETWEEN NIGER AND NIGERIA FOR THE TRANSPORTATION & STORAGE OF PETROLEUM PRODUCTS.

The Nigerian National Petroleum Corporation and SONIDEP, Niger signed a deal to make use of Niger's excess refined petroleum. The Soraz Refinery in Zinder, Niger has an installed refining capacity of approximately 20,000 barrels a day (bpd). The total domestic requirement of Niger is about 5,000 bpd, leaving a surplus of about 15,000 bpd available for export.

PIPELINE BLOCKED FOR NOW BY COVID-19

An oil producer since 2011, Niger plans to increase its production capacity from 20,000 to 110,000 barrels / day by 2022, thanks to the construction of the 1982-km Niger-Benin export pipeline. This infrastructure will help bring to market the discoveries made on the Agadem block, as well as the new discoveries on the oil blocks of kavra, Bilma, R3 & R4 etc. Equipment necessary to build the pipeline has been delayed with only 100 km of the estimated 1980 km needed having arrived in Niger. It is estimated that the project has been delayed by a year and will be operational in early 2023.



REPUBLIC OF CONGO OIL & GAS NEWS

TOTAL TO MANAGE DJENO TERMINAL IN CONGO FOR ANOTHER 20 YEARS

The Djeno Terminal in the Republic of Congo is where all the country's oil is stored. Total has managed to secure an agreement with the Government for the next 20 years. At first, the government were keen to nationalise the terminal. The terminal will be shared amongst the various producers in Congo and Total will be one of its shareholders.

ENI DOWNSIZES ITS CONGO ASSETS, SECURES EXTENSION TO IKALOU-IKALOU SUD

ENI has decided to release two of their thirteen permits in the country (Zingali and Loufika-Tioni), they will be acquired in their entirety by the National Oil Company, Société nationale des pétroles du Congo (SNPC). Zingali produced over 240,000 barrels per year (2017) and Loufika only 2,000 barrels per annum. The good news is that ENI obtained a five-year extension on their Ikalou-Ikalou Sud licence which produced 1.7 million barrels a year in 2017.

For further information on doing business in the Republic of Congo please find out more information from the [country's leading oil event website, CIEHC.](#)