

Govt grants petroleum licence to Australian firm

By John Odyek

The Government has granted a petroleum exploration licence to an Australian company, Armour Energy, to explore oil in Ntoroko district.

The firm is one of the seven that submitted bids to explore for oil in the first competitive bidding process for oil blocks launched in 2015.

The Minister of Energy and Mineral Development, Eng. Irene Muloni, is today scheduled to officially grant an exploration licence and sign a Production Sharing Agreement for the Kanywataba Block in Ntoroko with the company.

The 344 square kilometre block had been explored before, but commercially viable oil quantities were not found.

Uganda is seeking to find more oil to boost its oil revenues for development. Uganda has since evolved into a petroleum province with 21 oil and gas discoveries being made, with estimated 6.5 billion barrels of oil in place and a recoverable volume of 1.4 billion barrels.

Armour Energy is a leading natural gas, natural gas liquids and crude oil producer in Australia, with expertise in exploring for oil and gas.

In 2015, the energy ministry called for the first competitive bidding round for six exploration blocks, covering a total of 3,000 square kilometres mainly in western Uganda.

The six blocks on offer comprised Ngassa (410km²) in Hoima district, Taitai and Karuka (565km²) in Buliisa district, Ngaji (895km²) in Rukungiri and Kanungu districts, Mvule (344km²) in Moyo and Yumbe districts together with Turaco (425km²) and Kanywataba (344km²) in Ntoroko.

The firms that submitted bids were: Armour Energy Limited of Australia, WalterSmith Petroman Oil Limited of Nigeria, Oranto Petroleum International Ltd of Nigeria, Niger Delta Petroleum Resources Ltd of Nigeria, Rift Energy Corporation of Canada, Glint Energy LLC of USA and Swala Energy Ltd of Australia.

A statement from the ministry said after receiving and reviewing bids by over 17 companies, the ministry last year announced that Nigerian firms WalterSmithPetroman Oil Limited, Oranto Petroleum International, Niger Delta Petroleum Resources and Australia's Armour Energy Limited had been considered.

The Government embarked on the first open competitive bidding and licensing round for six blocks in the

Albertine Graben during 2015.

In June this year, the ministry had planned to issue exploration licences for Ngassa to Oranto Petroleum International Limited from Nigeria. It called it off, saying it was to carry out more due diligence.

Some civil society groups raised concern about the group, saying Oranto's past in countries such as Liberia was dogged by corruption allegations.

Armour Energy joins other oil explorers that include UK's Tullow Oil, China's China National Offshore Oil Corporation (CNOOC) and France's Total E&P. These companies recently received production licences after their field development plans were accepted by government and are now working on ensuring that Uganda starts producing its first oil barrel in 2020. The country expects to earn \$3b (sh10.8 trillion) annually from oil revenues once production starts.



Energy minister Irene Muloni

Investment by industry in seismic surveys, exploratory and appraisal drilling has reached over \$2.5b (sh9b). The first commercial discovery of oil was made in 2006 in Kaiso Tonya area on the shores of Lake Albert.

The Kanywataba Block came into Uganda's oil play after the Government had agreed to a farm down between Tullow Oil, Total E&P and CNOOC after a long tax dispute. The Government had issued a six-month exploration licence to CNOOC to drill the well in Ntoroko.

The three companies each held one-third interest in the well. When CNOOC drilled the well, it found the reservoir to be water-bearing. The licence to the area later reverted to the Government.

The Wall Street Journal reported that CNOOC was supposed to drill three wells but chose one. In bringing the block back to the table for the bidding round the government said the prospect has good potential for hydrocarbons in other parts which were not drilled.