



Bitumainers containing crude oil in the Albertine Graben. Previously crude oil produced during testing was flared

## Who will take Uganda's test crude oil?

The Uganda National Oil Company is moving to sell off approximately 45,211 barrels of sweet and waxy crude oil extracted from well testing activities during the appraisal period of oil and gas in the Albertine region. The national oil company says it has started a process of identifying potential buyers for this test crude oil currently stored in bitumainer tank farms.

### Where will it end up?

**Power generators**  
This kind of test crude can be used to generate thermal power.

A few years ago, there were reports that two Mauritian connected firms, Lake Albert Infrastructure Services and Albatros Energy Uganda had applied to the Electricity Regulatory Authority for licenses to generate power using this crude.

Thermal electricity generators AS Jacobsen and Electromaxx were also interested in the crude oil that has been stored in several locations across the Albertine region for over five years.

Initially, the crude oil evacuated from the ground by Tullow Oil during this appraisal period was simply flared (burnt into the air), but the Government stopped this practice in the face of pressure from environmentalists who say flaring is detrimental to the environment.

### Heavy duty industries

The test crude can also be used to power the energy needs of large industrial plants such as cement manufacturing facilities. Kasese based cement makers Hima Cement initially showed interest in the test crude. As the Lafarge Group entity, which produces up to 850,000 tonnes of cement annually embarks on a new expansion drive, it may consider bidding for the crude.

Hima Cement last year started the construction of a \$40m Grinding Station in Tororo with the plant scheduled to commence production this year.

**45,211 Barrels**  
of sweet and waxy crude oil was extracted from well testing activities during the appraisal period

# UNOC gets 40,000 barrels of test crude oil back on market

By John Odyeke

The Uganda National Oil Company (UNOC) Limited has started the process of identifying potential buyers of test crude oil stored in Buliisa and Nwoya districts.

A previous effort to sell the test crude oil by the Ministry of Energy and Mineral Development was not successful.

The test crude oil accumulated when carrying out testing of the different wells during appraisal of oil and gas discoveries in the Albertine Graben.

Approximately 45,211 barrels of sweet and waxy crude oil was extracted from well testing activities during the appraisal period and is currently stored in bitumainer tank farms in exploration areas one and two in the Albertine Graben.

**Tentative plan**  
UNOC, as an entity mandated to handle the state's commercial interest in the oil and gas sector, has drawn a tentative plan to identify interested buyers of the test crude oil in a tender process.

A statement from UNOC id interested buyers are pected to inspect the asset the various locations in the Albertine Graben t month.



Flaring was banned due to environmental concerns

The experts said machines were needed to process the test crude oil before use.

Companies like Uganda Clays Ltd said the company in the past was using heavy fuel oils but moved to coffee husks for fueling.

**Crude oil testing**  
Prior to 2010, crude oil produced during well testing in the country was flared; which is a world-wide industry practice.

Flaring which is now banned for environmental concerns in Uganda, except in emergency situations, involves burning the crude oil or gas produced during well testing operations.

When a discovery of oil or gas is made, the licensee is required to appraise the discovery to determine the extent of the discovery and the characteristics of the crude oil therein by drilling additional wells and/or undertaking well testing together with other technical studies.

Well testing involves producing crude oil or gas from a petroleum reservoir for a limited period of time to enable understanding of the reservoir in order to adequately plan for its production.

Testing also helps in establishing the characteristics of the crude

oil in the reservoir, which informs the design of the production facilities such as pipelines, central processing facilities, the refinery and storage facilities.

Many wells drilled in the Albertine Graben to date have been flow tested resulting in production of this crude oil which is being put up for sale.

According to the energy ministry, the sulphur levels in Ugandan crude are some of the lowest in the world, therefore a refinery processing the crude would have the advantage of requiring less investment in desulphurisation units, making the refinery profitable.

### Sweet and waxy oil

The crude oil discovered in Uganda's Albertine Graben is sweet and waxy.

The oil is viscous; it is immobile at room temperature and must be kept at temperatures not less than 60°C to maintain mobility and prevent wax deposition in pipelines. To be pourable, it must be kept at least at 40°C.

Although it is waxy, Uganda's crude oil is medium-light and sweet, showing that it is low on sulphur and therefore can compete well on the international market.

**Uganda's crude oil is medium-light and sweet, showing that it is low on sulphur**

Ibrahim Kasita, corporate affairs officer at UNOC said interested buyers will be invited to submit their bids by March 9 and the evaluation process will commence soon after.

It is expected that the contract award will be made on April 27.

In 2015 technology and safety concerns were raised as issues that affected the sale of the test crude oil.

Industry experts in the thermal energy sector say the oil is highly potent, rich with petrol, gas, bitumen byproducts which can make it highly flammable.