Opportunities

Benefits for Ugandans in the Kingfisher project

By Billy Rwothungeyo

Whether your business is in a highly specialised field such as well-drilling, or a not so specialised area such as rearing goats, you can benefit from the oil and gas industry. There is room for everyone.

As the country draws closer to the 2020 date for the first oil production, how can you position yourself to benefit from the oil and gas industry?

The first production licence was granted in September 2013 to the China National Offshore Oil Corporation (CNOOC) Uganda for the Kingfisher area, located in Kyangwali sub-county in Hoima district. The development of this oil field provides immense opportunities for Ugandans.

The project has taken a major stride with the completion of the Front-End Engineering Design (FEED), which was undertaken by the China Offshore Oil Engineering Company (COOEC).

As the country awaits the final investment destination (FID) for the Kingfisher project before the engineering, procurement and construction (EPC) phase commences, what are those goods and services you should be readying yourself to supply?



An aerial view of an oil exploration site in Buliisa district

WHAT KINGFISHER OILFIELD SHALL NEED

In the EPC phases of the Kingfisher oilfield, a central processing facility and four well-pads will be constructed. These facilities will be developed through civil works, which provide a massive chance for civil contractors in the country.

Estimates indicate that 35,000 to 40,000 barrels of oil per day will be produced in the Kingfisher oil field.

Also to be built will be a safety check station, two camps – one permanent and the other temporary. Supply bases will also need civil contractors. Suppliers of building materials such as cement and steel have a chance to benefit from these constructions.

During the construction of these facilities, building materials such as aggregates, crush stones, granular, gravel, concrete blocks, among others, will be needed. Cement, bitumen, diesel, light equipment, structural steel; fabricate civil and firefighting equipment will be needed.

STANDARDS ARE EVERYTHING

While speaking to suppliers at the national workshop organised by COOEC and CNOOC, Zongwei Xiao, the president of CNOOC Uganda, warned that quality will not be compromised.

"Quality must always be assured. Quality should be assured in line with global industry practices," he said.

For all the goods and services that will be used in the oilfield development, there is a standard applicable to each of them.

The steel that will be used in the civil works will have to meet Uganda National Bureau of Standards (UNBS) structural and reinforcement standards.

The steel for piping and tanks has to meet special standards due to the critical nature of oil and gas.

Power cables, which will range from high to medium voltage, will have to meet a certain standard as specified by UNBS.

There are standards for contractors too. For civil work subcontractors, you will have to meet quality standards such as ISO 9001.

Xiao further cautioned suppliers that the Kingfisher project will require timely delivery on contracts signed between the oilfield operator and local suppliers.

"We are strict on timely delivery. As everyone of you knows, time is money. In such a big and complicated project, any delay, however small, can affect the entire project."

MORE OPPORTUNITIES

Tilenga project, similar to the Kingfisher, will be developed further in the north and will be executed by Total E and P, so similar goods and services will be required. Like at Kingfisher, a central processing facility will be constructed for this project.

With the construction of the refinery, crude export and refined products, pipelines, transport infrastructure, airport development, among other developments on the way, the future can only get brighter.

START PREPARATIONS

Intense oil field development to the tune of $11.3b in the next three to five years will be unleashed onto the Albertine region. In this period, about 500 wells are planned for drilling compared to only 20 wells that were drilled during the exploration period.

"We need to prepare ourselves. When we talk about $3.5b in the crude export pipeline, what does it mean for you as a local supplier? How do you position yourself to benefit?" asks Betty Namubiru, the national content manager at the Petroleum Authority of Uganda.

The Petroleum Authority of Uganda goes far enough in giving Ugandans the opportunity to supply the industry. Some goods and services have been ring-fenced for local companies.

Where local companies do not have expertise, Namubiru said foreign companies are expected to partner with them. Even highly specialised areas such as building wells, companies are required to subcontract some aspects of their jobs.

Emmanuel Mugarura, the chief executive officer of the Association of Uganda Oil and Gas Service, says as more Ugandans pick interest in the sector, they need to also work on building capacity.

"We should meet the standards first, before we start thinking about local content as Ugandans. We should be able to match industry requirements before fronting our 'Ugandaness'," he said.

Remember, if you want to supply goods and services to the Kingfisher oilfield project, you must be registered on the National Supplier Database as per regulations issued by the industry regulator, Petroleum Authority of Uganda.

Services required

- Transportation
- Security
- Foods and beverages
- Hotel accommodation and catering
- Human resource management
- Office supplies
- Fuel supply
- Land surveying
- Clearing and forwarding
- Supply of locally available drilling and production materials
- Environment impact assessment studies
- Communications and information technology services
- Waste management services

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