

THE MINERAL INDUSTRY OF EQUATORIAL GUINEA

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The Republic of Equatorial Guinea supported an estimated population of about 506,000 in a total area of 28,051 square kilometers on a number of islands and islets, which included Bioko in the Gulf of Guinea, and on the Rio Muni enclave on the African mainland. In 2004, the gross domestic product (GDP) of Equatorial Guinea increased by 34.2% fueled by the increase in international oil prices and the increase in domestic oil, methanol, and natural gas production. The GDP was estimated to be about \$4.4 billion at current prices, or \$16.7 billion when calculated by purchasing power parity. Hydrocarbons accounted for more than 91% of Government revenue and about 89% of GDP at factor costs (International Monetary Fund, 2005, p. 3, 4, 17; 2005¹).

Mineral resources were the property of the State. Natural gas and oil exploration and production contracts were administered by the Ministerio de Minas, Industria y Energia, which also promoted the development of Rio Muni's mineral occurrences. In May, Equatorial Guinea joined the Global Gas Flaring Reduction Public-Private Partnership and agreed to the Global Gas Venting and Flaring Reduction Voluntary Standard.

Offshore oil and natural gas production dominated the country's mineral industry and, in 2004, Equatorial Guinea ranked sixth (based on production volume) of all African crude oil producers. The national oil company, Compañía Nacional de Petr6leos de Guinea Ecuatorial (GEPetrol), managed the Government's interest in crude oil production operations and promoted other investment opportunities in the nation's petroleum sector. Most of the produced oil was exported. After liquids were stripped from the Alba Field wet gas stream at Punta Europa, the remaining dry natural gas not used by the methanol plant was re-injected into the gasfield. In addition to liquefied petroleum gases, methanol, oil, and natural gas, some crude construction materials (clay, gravel, sand, and volcanic rock) and gold were produced in Equatorial Guinea (BP p.l.c., 2005, p. 6).

Trade

The increase in international oil prices and the increase in domestic oil production resulted in another jump in the value of Equatorial Guinean petroleum exports to about \$4.6 billion in 2004 compared with almost \$2 billion in 2002 and \$1.1 billion in 2000. Equatorial Guinean petroleum exports to the United States were valued at \$974.6 million in 2004 compared with \$773.6 million in 2003 and \$496 million in 2002. Other significant oil trade partners included, in descending order of value, Spain, China, Canada, and France. Equatorial Guinean chemical exports (primarily methanol) to the United States increased to \$180 million in 2004 compared with \$136.9 million

in 2003 and \$71.2 million in 2002 (International Monetary Fund, 2005, p. 24, 30; U.S. International Trade Commission, 2005[§]).

Commodity Review

In 2004, American oil companies that operated in Equatorial Guinea were investigated by the U.S. Securities and Exchange Commission and, as part of a probe into the alleged money-laundering activity of Riggs Bank of the United States, by the U.S. Senate Committee on Governmental Affairs (Blum, 2004; Minority Staff of the Permanent Subcommittee on Investigations, 2004, p. 99-108).

On the Alba Block, the partnership of Marathon Equatorial Guinea Production Ltd. (a subsidiary of Marathon Oil Corp. of the United States), Samedan of North Africa Inc. (a subsidiary of Noble Energy, Inc. of the United States), and GEPetrol successfully drilled the Gardenia condensate and natural gas prospect. On the adjacent Block D, Marathon (84.6%), SK Corp. of the Republic of Korea (9.4%), and GEPetrol (6%) drilled a condensate and natural gas discovery well on the Corona Prospect.

In 2004, the joint venture of Mobil Equatorial Guinea Inc. (a subsidiary of Exxon Mobil Corp. of the United States), GEPetrol, and Ocean Equatorial Guinea Corp. (a subsidiary of Devon Energy Corp. of the United States) continued the development of Block B with the completion of 14 additional wells in the Zafiro Field.

The partnership of Triton Equatorial Guinea, Inc. (a subsidiary of Amerada Hess Corp. of the United States) (85% working interest) and Energy Africa Equatorial Guinea Ltd. (a subsidiary of Tullow Oil Plc of the United Kingdom) (15%) received Government approval for the development of the Okume complex (originally known as the Northern Block G project) that included the Elon, the Ebano, the Okume, and the Oveng prospects on Block G. GEPetrol had 5% carried interest in the development program. Initial production was scheduled to begin in 2007 at the rate of 40,000 barrels per day of crude oil. In 2004, the partnership also successfully drilled into a crude oil reservoir with the G-19 exploration well.

New production sharing contracts awarded in 2004 included Block I (Atlas Group of Nigeria, 57%; Noble Energy Equatorial Guinea Inc., 38%; and GEPetrol, 5% carried interest) and Block O (Noble, 45%; GEPetrol, 30%; and Glencore Exploration Ltd., 25%).

Outlook

Intensive exploration and international demand for crude oil and natural gas has transformed the Equatorial Guinean region from a marginal deepwater natural gas province to an interesting hydrocarbon prospect. The planned liquefied natural gas plant

¹References that include a section mark (§) are found in the Internet References Cited section.

and the production and export of commodities associated with natural gas, such as liquefied petroleum gas and methanol, have provided the impetus to development of the infrastructure necessary to capture natural gas despite the very limited local market, thus significantly reducing the volume of natural gas that would have been flared.

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 International Monetary Fund, 2005, Republic of Equatorial Guinea—Statistical appendix: Washington, DC, International Monetary Fund Country Report No. 05/151, May, 41 p.
 Minority Staff of the Permanent Subcommittee on Investigations, 2004, Money laundering and foreign corruption—Enforcement and effectiveness of the Patriot Act: Washington DC, U.S. Senate Committee on Governmental Affairs, 113 p.

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- International Monetary Fund, 2005 (April), Cyprus, World Economic Outlook Database, accessed May 3, 2005, via URL <http://www.imf.org/external/pubs/ft/weo/2005/01/data/dbginim.cfm>.

U.S. International Trade Commission, 2005, Eq Guinea—U.S. exports, imports, GSP imports, and AGOA imports, by major commodity sectors, annual and year to date Jan-Mar, accessed June 22, 2005, via URL http://reportweb.usitc.gov/africa/by_country.jsp.

Major Source of Information

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Ministerio de Minas y Energia, 2002, Hydrocarbons and mining in Equatorial Guinea: Malabo, Equatorial Guinea, Ministerio de Minas y Energia, 21 p.

TABLE 1
 EQUATORIAL GUINEA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES^{1,2}

(Thousand 42-gallon barrels unless otherwise specified)

Commodity ³	2000	2001	2002	2003	2004
Crude oil and condensate	43,029 ⁴	74,855 ⁴	90,144 ⁴	100,000 ^r	125,000
Gold kilograms	500	500	500	500	500
Liquefied petroleum gases	800	800	700	800 ^r	875
Methanol metric tons	--	600,000	719,000	825,000	913,000
Natural gas ⁵ million cubic meters	98	790	1,050	1,220	1,390

^rRevised. -- Zero.

¹Estimated data are rounded to no more than three significant digits.

²Includes data available through June 20, 2005.

³In addition to the commodities listed, Equatorial Guinea presumably produced a variety of crude construction materials (clay, gravel, and sand).

⁴Reported.

⁵Produced natural gas not used to produce methanol by Atlantic Methanol Production Co. L.L.C. or as rig or processing plant fuel was reinjected.

TABLE 2
EQUATORIAL GUINEA: STRUCTURE OF THE MINERAL INDUSTRY IN 2004

(42-gallon barrels unless otherwise specified)

Commodity		Major operating companies and major equity owners	Location of main facilities	Annual capacity
Gold	kilograms	Artisanal placer operations	Aconibe, Coro, and Mongomo	500
Liquefied natural gas	metric tons	Equatorial Guinea LNG Holdings Ltd. (Marathon Oil Co., 75%, and Compañía Nacional de Petr6leos de Guinea Ecuatorial, 25%)	Punta Europa	3,800,000 ¹
Liquefied petroleum gas		Joint venture of Marathon Oil Co., 52%; Noble Energy Equatorial Guinea Ltd., 28%; Guinea Ecuatorial Oil and Gas Marketing Ltda., 20%	Alba liquefied petroleum gas plant, Punta Europa	875,000
Methanol	metric tons	Atlantic Methanol Production Co. L.L.C. (Marathon Equatorial Guinea Methanol Ltd., 45%; Samedan Methanol Methanol, 45%; Guinea Ecuatorial Oil and Gas Marketing Ltda., 10%)	Punta Europa	913,000
Natural gas	million cubic meters	Joint venture of Marathon Oil Co., 63%; Noble Energy Equatorial Guinea Ltd., 34%, Compañía Nacional de Petr6leos de Guinea Ecuatorial, 3%	Alba Field, Alba Block	1,390
Oil:				
Crude		Joint venture of Triton Equatorial Guinea, Inc., 80.75%; Energy Africa Equatorial Guinea Ltd., 14.25%; Compañía Nacional de Petr6leos de Guinea Ecuatorial, 5%	Ceiba Field, Block G	11,500,000
Do.		Joint venture of Mobil Equatorial Guinea Inc., 71.25%; Ocean Equatorial Guinea Corp., 23.75%; Compañía Nacional de Petr6leos de Guinea Ecuatorial, 5%	Zafiro Field, Block B	102,000,000
Crude and condensate		Joint venture of Marathon Oil Co., 63%; Samedan of North Africa Inc., 34%; Compañía Nacional de Petr6leos de Guinea Ecuatorial, 3%	Alba Field, Alba Block	16,800,000

¹Under construction. Expected to open in late 2007.