

Legal Aspects of Doing Business in Gulf of Guinea

**Offshore Technology Conference 2007
Gulf of Guinea Breakfast**

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Gulf of Guinea



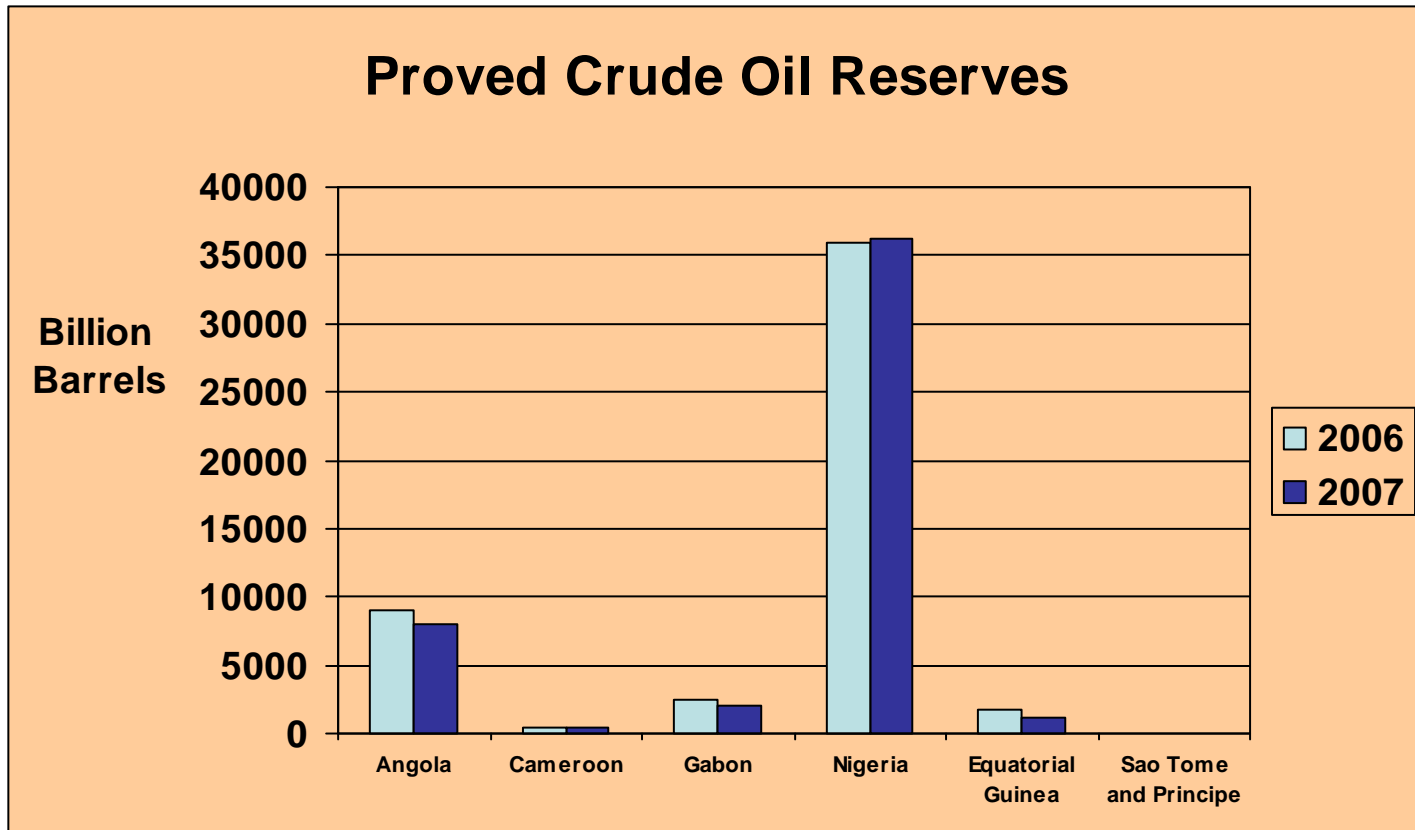
Strategic Considerations

- **Hydrocarbon Prospectivity**
- **Foreign Exchange Regulations**
- **Commercial Upside**
- **Business and Regulatory Environment**
- **Country's Institutions**
- **Labour and Social Security Regulations**
- **Achievability / Do-ability**
- **Tax and Fiscal Regime**
- **Mitigation of Political Risk**
- **Time to Production (Discovered Reserves)**

Economical Overview

- **Private companies are the vast majority of operations in the Gulf of Guinea.**
- **Experts estimate that over the next 10 years, oil production in the Gulf of Guinea will grow around 40%.**
- **By 2020, the Gulf of Guinea is expected to be one of the world's top oil-producing regions.**

Economical Overview



Source: BP Statistical Review and Oil and Gas Journal

Angola



- **Angola is Sub-Saharan Africa's second largest oil producer behind Nigeria.**
- **Angola's oil and oil derivatives industry accounts for 91.92 percent of total exports.** (Source: MBendi website)
- **Production – 1,4Mbpsd in 2006.**
(Source: EIA website)
- **Sonangol - fuel production and distribution.**
- **Contracts:**
 - ▶ **Production Sharing Agreement**
 - ▶ **Consortium Agreement**
 - ▶ **Partnership**
 - ▶ **Risk Service Contract**

Nigeria



- **The 10th largest oil producer in the world, the 3rd largest in Africa and the most prolific oil producer in Sub-Saharan Africa.**
- **The Oil sector supplies 95% of foreign exchange earnings (MBendi website).**
- **Reserves - 35.2 billion barrels of proven oil and 176 trillion cubic feet of proven natural gas (*Oil and Gas Journal*).**
- **Joint Development Zone - agreement with São Tomé and Príncipe.**
- **Contracts;**
 - ▶ **Concession Agreement**
 - ▶ **Production Sharing Agreement**

Cameroon



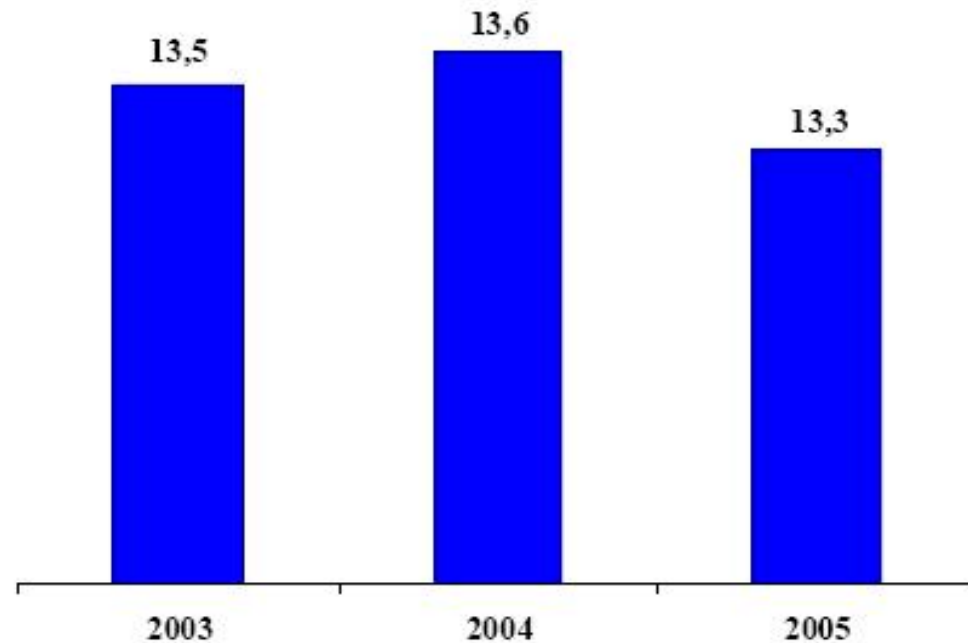
- **Sixth largest oil producer in Sub-Saharan Africa .**
- **Oil reserves - 400 million barrels in January 2004 (MBendi website).**
- **Gas reserves - 110 billion cubic metres bcm. still unexploited (MBendi website).**
- **Downstream Oil Industry - Consumption of liquid fuel products is currently of 900.000 tonnes per annum. (MBendi website)**
- **Contracts:**
 - ▶ **Concession Agreement**
 - ▶ **Production Sharing Agreement**

Gabon



- **Investments:**
 - ▶ The World Bank - US\$ 50 million.
 - ▶ the International Finance Corporation - US\$ 256 million.
- **Contracts:**
 - ▶ Concession Agreement
 - ▶ Production Sharing Agreement

Production pétrolière (en millions de tonnes)



Source: Ministère des Mines et du Pétrole

São Tomé and Príncipe

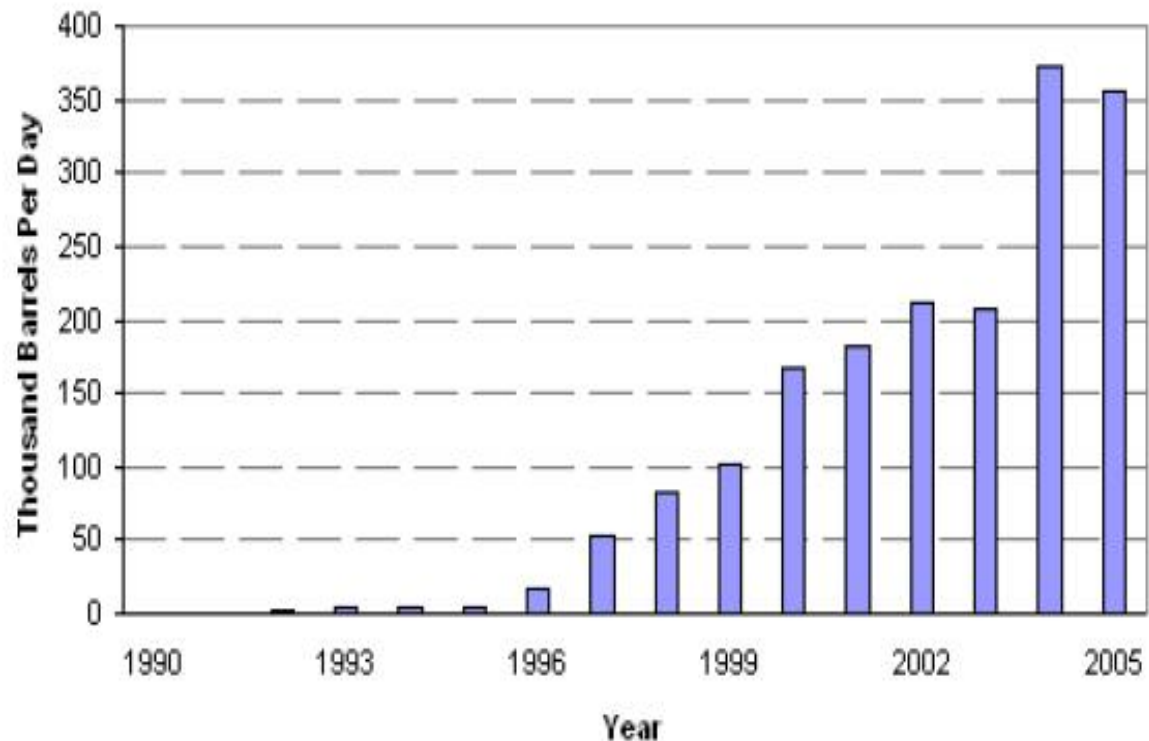


- **Joint Development Zone - upstream joint agreement between Nigeria and São Tomé and Príncipe.**
- **In April 2003, the Joint Development Zone was opened for bids by international oil firms.**
- **Winning bidders: ChevronTexaco, ExxonMobil, Sinopec, etc.**
- **Contracts:**
 - ▶ **Production Sharing Agreement**
 - ▶ **Development Agreement**

Equatorial Guinea



Equatorial Guinea's Oil Production, 1990-2005



Source: EIA, *International Energy Annual*

- Oil - country's most important export commodity, accounting for nearly 90%.
- GEPetrol - Equatorial Guinea's national oil company - since 2001.
- Contract
 - ▶ Production Sharing Agreement

Conclusion

COUNTRY	Concession Agreement	Production Sharing Agreement	Crude Oil Production – 2006 (Thousands Barrels per Day)
Nigeria	X	X	2,440
Angola		X	1,420
Cameroon	X	X	400
Equatorial Guinea		X	356
Gabon	X	X	237
São Tomé and Príncipe		X	-/-

Source: EIA Official Energy Statistics



Thank you for your attention.

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