

ETHIOPIA LICENSES CHINESE FIRM TO EXPLORE OIL IN EAST

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The Chinese petroleum company, ZHOUYUAN Petroleum Exploration Bureau (ZPEB), is to start undertaking seismic survey in the Ogaden basin, eastern Ethiopia.

ZPEB is contracted by the Malaysian petroleum company, Petronas, which was awarded the Gambela concession in western Ethiopia and additional three blocks in the Ogaden basin. ZPEB conducted seismic survey in the Gambela concession and currently it is drilling the first exploration well (wild cat), which is 3,000-metre deep, in Chikaw locality. Chikaw is located 125 km west of the of Gambela, the regional capital, and only 78 km away from the Sudanese border.

Executives of Petronas and ZPEB have also agreed on the petroleum exploration project to be launched in the Ogaden basin. Reliable sources told The Reporter that Chinese petroleum experts who have been working in Gambela since 2004 will soon move to Ogaden. Petronas's concession areas in the Ogaden basin are located in the Fer Fer, Warder and Genale localities. The total concession area covers about 93,000 sq km. ZPEB will soon start undertaking the seismic survey in the Genale locality, some 1,200 km east of Addis Ababa.

ZPEB will finalize the drilling in Gambela in June 2006. The Chinese experts will conduct a geological testing in the well to ascertain whether or not there is crude oil in the area. Before the completion of the well, some of these experts will move from Gambela to Ogaden. Petronas awarded ZPEB a 30m-dollar contract that included the task of collecting seismic data from Gambela and drilling exploration wells.

A senior government official told The Reporter that Petronas, the client of ZPEB, was doing a remarkable work in Gambela.

"Now they are ready to do a great job in Ogaden. I am sure they will emulate the achievement in eastern Ethiopia," the official said.

ZPEB conducted the well completion work in the Calub gas field in the Ogaden basin. In 1998 ZPEB was contracted by the Ethiopian government and made eight gas wells in Calub ready for production. The company was paid 5.6 million dollar for the job.

Petronas conducted a petroleum study in the Ogaden basin for two years (2004-2005).

Prime Minister Meles Zenawi told The Reporter that Ethiopia has a significant petroleum potential, adding [that] his government was promoting this potential. Meles said international petroleum companies interested in oil exploration and development activity were coming to Ethiopia.

"Petroleum and mineral resources could contribute to the development of the country," Meles noted.

However, he said, the mining and petroleum sector cannot be an engine of growth. Meles has assured the president of Petronas, Dato Hasan Muhammad Marican, that his government will give full support to the company.