

## **Ethiopia; Ministry of Mines Extends Deadline for Gasfields Tender**

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The Ministry of Mines and Energy (MME), this week, decided to extend the deadline for the tender it floated for the development of the Calub and Hilala gas fields.

Last March, the ministry invited international and local companies to present expression of interest on developing the Calub and Hilala gas fields in the Ogaden basin found in the Somali Regional State, some 1200 kms east of Addis Ababa. In response to the invitation, 19 companies submitted letters of interest to the ministry. After evaluating the profiles of the companies, the bid committee shortlisted seven companies.

Last month, the MME told the shortlisted companies to present their proposals until June 10. Senior officials with the MME told The Reporter that upon the request of the companies, the ministry has postponed the deadline to July 10. "The companies told us that they were given a very short time to present the proposal and we have accepted their request for additional time," the officials said.

Petronas, the Malaysian oil and gas company, which is prospecting for oil in the Gambella basin, in west Ethiopia and in the Ogaden basin, GAIL, the Indian gas company and MIDROC Ethiopia, the largest single investment group in Ethiopia are among the shortlisted companies. Other petroleum companies from China, Russia, and the Middle East were also shortlisted.

Ten years ago the Ethiopian Privatization Agency put up a tender for the acquisition and development of the natural gas reserve in Calub which is estimated at 76 billion Cubic meter (2.7 trillion Cubic feet). MIDROC Ethiopia was one of the three companies that participated in the international tender to develop the gasfield. Caltech, an American Company and Norwex, a Norwegian company were the other bidders. In a bid to reimburse the pre-development cost, the government demanded a payment that amounted to 98 million dollars. And in that tender, MIDROC proposed the highest offer, 100 million birr. However, the agency cancelled the tender on the ground that the offers it got from the companies were below the floor price.

But this time the government dropped the demand for the upfront payment. Senior officials with MME told The Reporter that they will evaluate the companies' technical proposal (gas development plan), the technology and the amount of capital investment they proposed to invest on the gas development project. The bid committee assessed the companies technical and financial capacity as well as their previous experiences. "The company, which will present the best development plan [technically and financially], will be awarded the project in July," the officials said.

The mining company would sign petroleum development and production sharing agreement with the MME. The company is expected to build a gas refinery plant and to start extracting the gas reserve with in two

years. The gas reserve in Hilala locality 85 kms from Calub is estimated at 42 billion cubic meter (1.3 trillion cubic feet). Ten wells in Calub and four in Hillala were drilled. The wells were drilled by an American oil company, Tenneco and a Russian Company SPEE. At present there are eight deep gas wells ready for production. LPG, benzene, diesel, jet fuel and kerosen could be produced from the natural gas reserve.