

Ethiopia; Petronas Signs Gas Development Agreement

The Reporter

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The Malaysian oil and gas company, Petronas, and the Ethiopian Ministry of Mines and Energy (MME) last month signed a petroleum development agreement and production sharing agreement (PSA) that would enable the company to develop the natural gas reserve in the Calub and Hilala localities in the Somali Regional State.

The agreement was signed by Alemayehu Tegenu, minister of MME and Dato Mohammed Hassan Merrican, president of Petronas in Kuala Lumpur, Malaysia. Petronas has won the international tender put up by the MME to award the Calub and Hilala gas field in the Ogaden basin a year ago. In July 2006, the MME sent an awarding letter to Petronas and since then the two parties have been negotiating on the details of the gas fields development project in Addis Ababa and Kua Lalampur. Petronas has also secured two exploration blocks (B11&15) in the Ogaden basin. The blocks are found in the vicinity of the Calub and Hilala gas fields.

Petronas plans to build a gas processing plant and to construct a gas pipeline that stretches from the gas fields to a seaport. In addition to extracting the gas reserve, the company plans to conduct seismic surveys and to drill exploration wells in the gas fields as well as in block 11 and 15.

The Calub and Hilala natural gas fields are located 1,200 km south-east of Addis Ababa. The total area of the gasfields is 285sq.km.

The gas reserve, estimated at 113 billion cu. m. (4TCF), was first discovered by an American company, Tenneco, in 1972. Later on the reserve gas was confirmed by the Soviet Petroleum Exploration Expedition (SPEE). Ten wells were drilled in Calub and four in Hilala. Non commercial oil reserve was discovered in Hilala by Tenneco. Block 11 and 15 where oil and gas shows were discovered are considered to be one of the most promising exploration areas in the Ogaden basin. In August 2005 Petronas acquired exploration areas in the Genale, Warder, Fer Fer and Wel Wel localities in the Ogaden basin. The company has also been prospecting for oil in the Gambella basin, south-west Ethiopia.

Petronas, one of the top ten leading international oil companies in the world, was established in 1974. Wholly owned by the Malaysian government, the company has 110 subsidiary companies. Petronas operates in 14 African and 21 Asian countries. The company is active in the Sudan, Chad, Cameroon, Angola and Yemen.