

African oil and gas heats up By Deborah Spicer

Deloitte Canada Partner Robin Mann met with several companies in South Africa that are keen to investigate coal bed methane (CBM) when he visited in October.

Mann, whose company, previously known as AJM Petroleum Consultants, was purchased by Deloitte three years ago and now forms the core of its oil and gas evaluation service known as Resource Evaluation & Advisory. The team of 50 geoscientists and petroleum engineers consults globally and has consulted on numerous oil and gas projects in Africa in the past.

In Southern Africa, and particularly in Western South Africa and Botswana, CBM is attracting considerable attention, Mann advised.

Existing coal sector participants are intent on exploring for CBM, although a lack of equipment, first hand operational knowledge and infrastructure is inhibiting the development of this sector to date.

“Companies need to know how to commercialise these deposits or they will sit there for a while,” Mann commented.

Interest in oil and gas has a strong regional bias in Africa.

The eastern side of Africa, including Mozambique and Southern Tanzania, has been characterised by large gas finds. These are world class gas reservoirs and development will take some time but ultimately will bring significant additional investment into Africa. For example, the gas discoveries in Mozambique are earmarked for liquefied natural gas (LNG) export, however political and regulatory hurdles still need to be solved.

West Africa, meanwhile, is dominated by offshore and deep water oil exploration. Areas of West Africa are believed to have the same potential as Brazil, since the continents were joined many millions of years ago.

Various countries both north and south of Nigeria have significant upside potential, Mann advised.

“Put South America and Africa back together again and you get a sense of where the potential lies.”

On the eastern onshore side of Africa Northern Ethiopia and Southern Sudan also have significant oil potential, Mann continued.

“The development of these deposits all depends on the politics.”

“Where the politics are relatively stable and the commerciality is not skewed towards the government; oil and gas projects take off,” he said.

There are numerous companies, especially European ones, that are interested in investing in Africa’s oil and gas sector, Mann noted.

Large gas finds have opened investors’ eyes to the potential of Africa, he said.

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