

UGANDA'S PETROLEUM UPSTREAM SECTOR: IMPLEMENTATION OF THE NATIONAL OIL AND GAS POLICY

Presentation By

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PRESENTATION OUTLINE



1. Introduction
2. Progress of Petroleum Exploration in Uganda
3. Legal and Regulatory Framework
4. Implementation of the National Oil and Gas Policy
5. Conclusion

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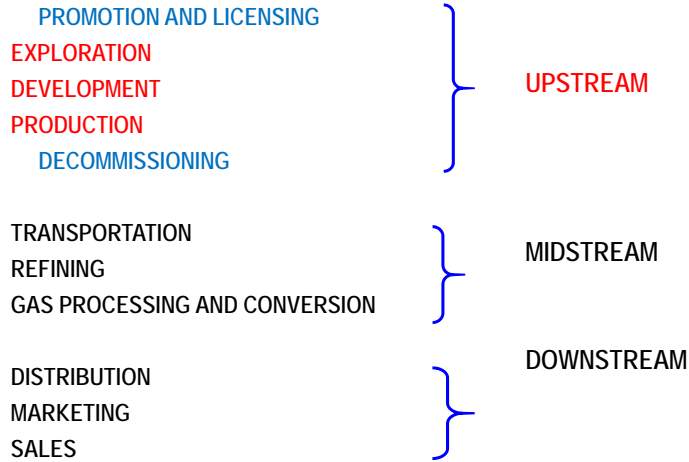
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1. INTRODUCTION



1.1 Petroleum Value Chain



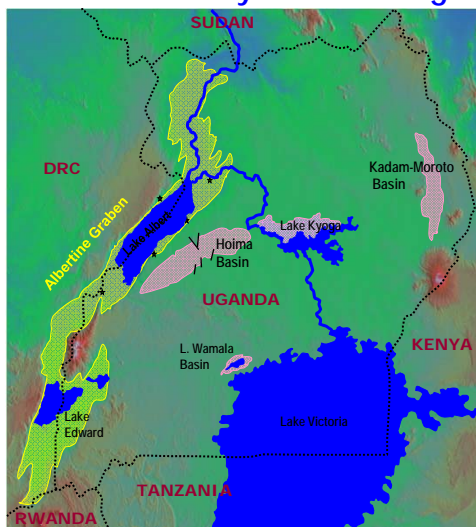
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Introduction (2)



1.2 Sedimentary Basins in Uganda



1. Albertine Graben
 2. Hoima Basin
 3. Kadam-Moroto Basin
 4. Lake Kyoga Basin
 5. Lake Wamala Basin
 6. Lake Victoria Basin
- Basins whose potential is under investigation
- Not Prospective

The Albertine Graben is the most prospective

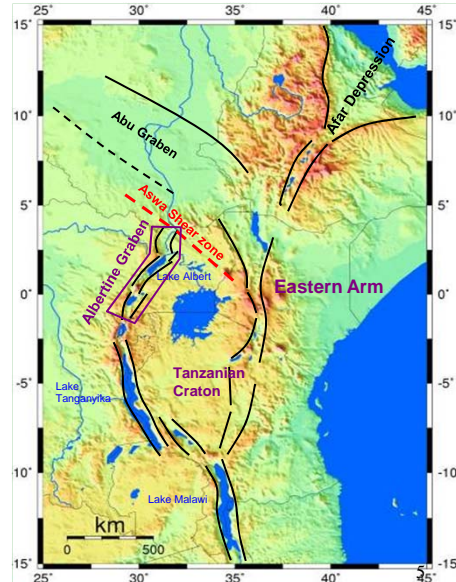


Introduction (3)



1.3 The Albertine Graben

- The Graben forms the northern most part of the Western arm of the East African Rift System
- Runs along Uganda's western border with DRC
- 500 km long, averaging 45 km wide and 23,000 sq km in Uganda.
- 1300 km from the coast



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2. PROGRESS OF PETROLEUM EXPLORATION IN UGANDA



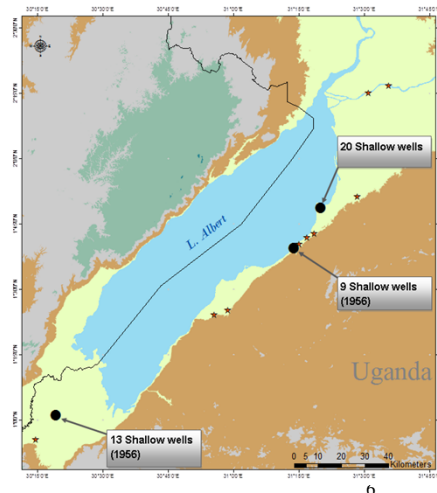
2.1 History of Exploration

1920 – 1945: Preliminary Exploration

- Reporting of oil seepages
- Drilling of Waki-B1 in 1938 by Anglo European Investment Company of South Africa
- Some shallow stratigraphic wells drilled in the areas of Kibiro and Kibuku based on oil seep observations

1945 – 1980: Stagnation

- Initially due to World War II
- Change in Colonial Policy
- Political uncertainties



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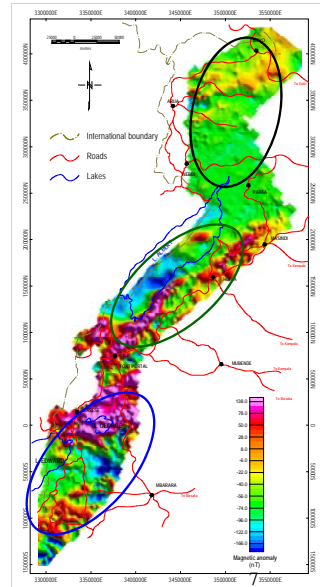


Progress of Petroleum Exploration in Uganda (2)



1980 to Date: Consistent and Modern Efforts

- 1983:** Acquisition of Aeromagnetic Data over the entire Albertine Graben
- 1985:** Enactment of the Petroleum Exploration and Production Act
- 1991:** -Formation of PEPD
-PSA between Fina Exploration Uganda b.v and Government
- 1993:** Enactment of Petroleum Regulations
- 1997:** Licensing of EA 3 (Semliki Basin), to Heritage
- 2001:** Licensing of EA 2 (Northern Lake Albert Basin) to Hardman
- 2002 to 2004:** Drilling of Turaco-1, 2 and 3 wells in Semliki Basin;
- 2003/4:** Acquisition of seismic data over Lake Albert .



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Progress of Petroleum Exploration in Uganda (3)





- 2005:**
 - Licensing of Exploration Area 5 (The Rhino Camp Basin) to Neptune Petroleum
- 2006:**
 - First discovery of oil in Kaiso-Tonya area (Mputa-1 well)
- 2007:**
 - Exploration Area 4B licensed to Dominion Petroleum
- 2007 - 2011**
 - More acquisition of seismic data and drilling of wells in all licensed areas



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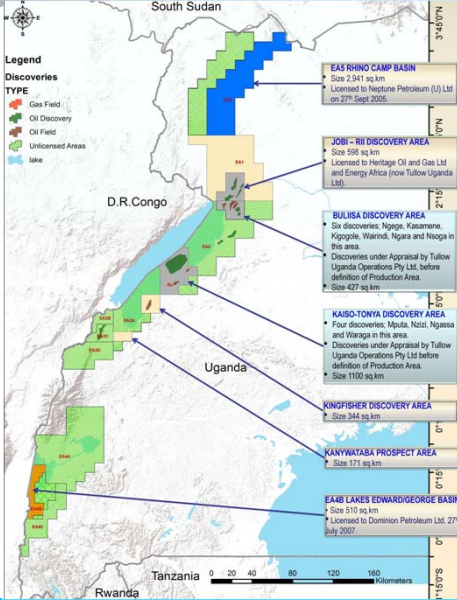
Progress of Petroleum Exploration in Uganda (4)

2.2 Status of Licensing



- Albertine Graben is currently sub divided into 11 EAs
- 5 Active PSAs
- Licensing of new acreage suspended after the 1st discovery
- Currently 3 Licensed Operators in the country;
- Tullow finalizing farm-down to TOTAL and CNOOC



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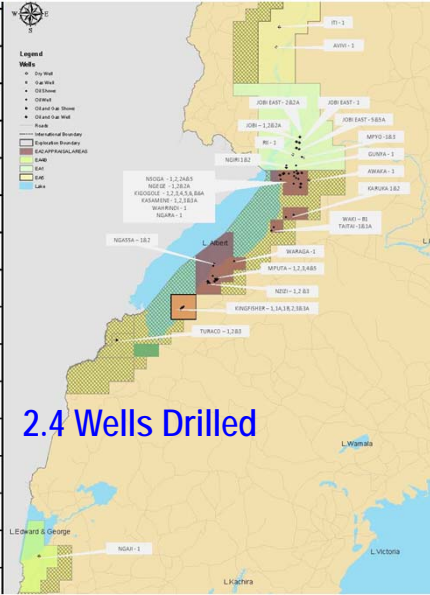
Progress of Petroleum Exploration in Uganda (5)

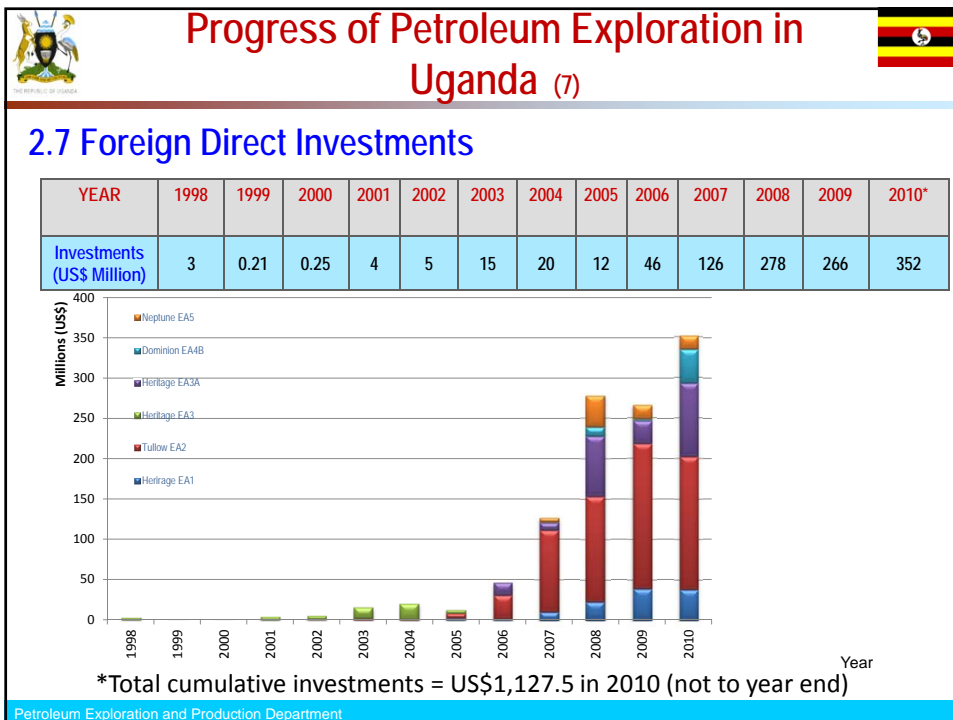
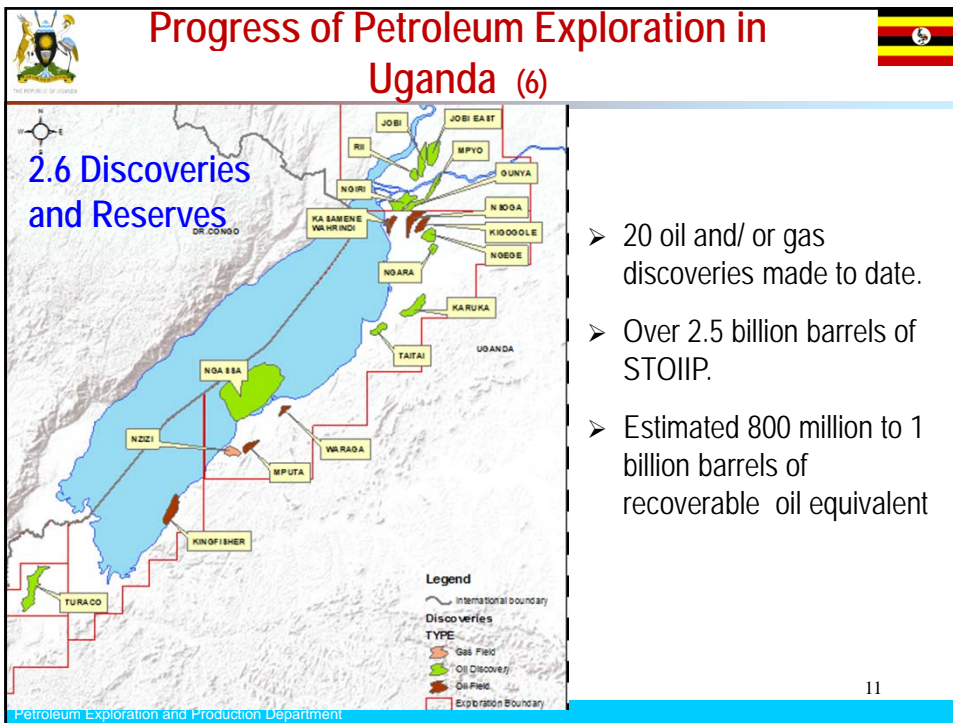
2.5 Data Acquired

- 10,000 sq. Km of Uganda has been geologically mapped for petroleum exploration
- 7,500 line km of gravity and magnetic data
- 9,578 line km of aeromagnetic data
- 7,039.55 line km of 2-D seismic data
- 1,607.3 km² of 3-D seismic data
- 64 exploration and appraisal wells drilled; 58 successful.
- Less than 40% of the Albertine Graben has been evaluated.

2.4 Wells Drilled



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3. LEGAL AND REGULATORY FRAMEWORK



- Uganda's Petroleum Exploration and Production is Governed by:
 1. The Petroleum (Exploration and Production) Act, Cap 150, Laws of Uganda, enacted in 1985 and revised in 2000
 2. Petroleum (Exploration and Production) (Conduct of Exploration Operations) Regulations, 1993
 3. Production Sharing Agreements (PSAs)
 4. Other relevant statutes and guidelines such as Environment, Wildlife, Water, Income Tax, Land.
 5. The National Oil and Gas Policy, 2008
- Previously used the Energy Policy, 2002 to guide promotion of Petroleum Exploration, Capacity building and monitoring of activities of licensed companies.

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THE NATIONAL OIL AND GAS POLICY FOR UGANDA



Policy Goal:

"To use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society."

- Policy has ten objectives, each with strategies and actions.
- Approved in February 2008 after an extensive consultative process.
- Policy available in print and [website;www.petroleum.go.ug](http://www.petroleum.go.ug)

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Status of Policy Implementation (2008 to 2011)



1. Efficient Licensing – Objective 1

- On-going formulation of new petroleum legislation – 2011/12
- Halt in licensing of new acreage since first discovery in 2006.
- Over 10,000 km² of area with high productive potential have been relinquished in addition to available unlicensed areas.
- Many applications received are kept in data bank.
- Measured licensing as a way of prolonging production.

2. Establish and Manage Country's Resource Potential – Objective 2

- National Petroleum Data Repository under establishment.
- Creation of new institutions (Petroleum Authority, National Oil Company, Directorate of Petroleum)
- Strengthening existing institutions

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Status of Policy Implementation (2)



3. Efficient production – Objective 3

- No commercial production yet.
- Government has received:
 - a) Applications for production licences over Waraga, Nzizi, Mputa and Kingfisher fields.
 - b) Field development plan for Kasamene, Wahrindi, Kigogole, Nsoga, Ngege and Ngara.

4. Valuable utilisation of the resources – Objective 4

- A comprehensive feasibility study for in country refining undertaken with positive results.
- Processes for refinery development are on-going; FY 2011/12 – undertake RAP
- Commence selection of partners in Refinery Development.
- Crude oil from EWT and gas from Nzizi Discovery to be used in power generation.

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Status of Policy Implementation (3)



5. Promotion of suitable transport and storage solutions – Objective 5

- A petroleum transportation and storage study for the country has commenced.
- Shall cover both crude and products transportation and storage.

6. Collection of the right revenues and utilisation to create lasting value– Objective 6

- Existing Revenue Management Policy reviewed.
- Tax legislation updated and Macro-Economic Framework is being revisited.
- Capacity Building in tax policy/ administration and Petroleum Fund Asset Management.
- Resolution of tax dispute on the sale of Heritage assets is an example of an effort to ensure collection of right revenues

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Status of Policy Implementation (4)



7. Optimum national participation – Objective 7

- Concluded a study on the opportunities and challenges for Ugandans' participation in the oil and gas sector in September 2011.
- Plan is to put in place a strategy for its implementation.
- Copy of the study is on www.petroleum.go.ug
- Some aspects of local content have been included in the petroleum resource bill.

8. Development and Maintenance of National Expertise - Objective 8

- Skills requirement study for the oil and gas in the country is being undertaken
- Commencement of Uganda Petroleum Institute Kigumba *artisans and technicians* together with undergraduate and post graduate studies in petroleum geoscience at Makerere University
- Increased training of Ugandans in oil and gas professions abroad for both public and private players

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Status of Policy Implementation (5)



9. Environment Conservation – Objective 9

- Environment Impact Assessment Studies undertaken
- Environment Sensitivity Atlas for the areas where petroleum has been discovered in the country was developed.
- Strategic Environment Assessment of these areas is on-going.
- Oil spill Contingency Plan and mechanism for hazardous waste management plan is on-going.
- Multi-Institutional monitoring team - Biodiversity Institutions working together to efficiently manage the interface between petroleum and the environment.
- Updating of standards and regulations

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Status of Policy Implementation (6)



10. Mutually beneficial relationships among stakeholders- Objective 10

- A communication strategy for the sector has been developed and Implementation is on-going.
- Consultations and dialogue with stakeholders continues
 1. Engagements with Civil Society, Parliament and other stakeholder groups
 2. Engagements with leaders and communities in the Albertine Graben
 3. Participation in Radio and Television talk shows
 4. Media Relations
 5. Website www.petroleum.go.ug

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5. CONCLUSION



1. Petroleum exploration has been on-going in Uganda for over 90 years.
2. Exploration efforts have led to the discovery of over 2.5 billion barrels of oil in place in the country and this is expected to increase.
3. The National Oil and Gas Policy is the key policy document guiding the developments in the sector.
4. Implementation of the policy is on-going; all stakeholders need to carryout their roles.
5. Government is committed to working with all stakeholders to ensure effective and efficient development of the sector to benefit all Ugandans.

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Thank You

Further Information;

COMMISSIONER

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