

AMSAS CONSULTING PTY.LTD.

# Amsas Coriole-Afgoye Block Farm-in Opportunity

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Somalia Summary

Dr.Ali Abdullahi, 15th October, 2014



Contacts: [info@amsasconsulting.com](mailto:info@amsasconsulting.com)



The Summary of the Amsas Coriole\_Afgoye Block covers an area of 1,161,393 Acres. The Summary report was compiled using available data, Harms and Brady Geological Consultants reports and reports from the World Bank. The Block was awarded to Amsas Consulting Pty.Ltd in December 2008 by the Somali Transitional Federal government (TFG-1). Then Amsas Consulting Declared Force Majeure in 2009 and latter in June 2012 we came back from Force Majeure to restart operations. We declared Force Majeure again in August 2013 due to security challenges on the ground. According to world Bank Report of 1988 seven (7) potential drilling Prospects were identified to be drilled but were never drilled. The Block is also in our Private Ranch at Coriole. Please note this is not a prospectus but an internal Amsas Consulting/Amsas Energy Report.





## **Amsas Consulting Block Potential**

### **Country: Somalia Federal Republic**

S7	Afgoye 1	2°06' 52.0"N 45°04' 10.0"E	4,164	Jurassic	1966	Sinclair
<b>S20</b>	Afgoye 2	2°05' 20.0"N 45°04' 52.0"E	3,353	Jurassic	1985	Somali Government
<b>S21</b>	Afgoye 3	Vicinity of Afgoye 1 & 2	4,359	Jurassic	1985	Somali Government
S8	Marka 1	1°52' 21.0"N 44°53' 28.0"E	3,998	Upper Cretaceous	1959	Sinclair
S9	Coriole 1	1°50' 39.0"N 44°33' 16.0"E	3,518	Lower Jurassic	1961	Sinclair
S10	Coriole 2	1°49' 43.0"N 44°33' 52.0"E	4,069	Lower Jurassic	1965	Sinclair
S11	Dhobey 1	1°48' 31.0"N 44°31' 29.0"E	2,122	Lower Jurassic	1961	Sinclair
S12	Dhobey 2	2°42' 44.0"N 44°28' 25.0"E	3,830	Lower Jurassic	1961	Sinclair

Amsas Consulting is both a Somali and Australian Energy company with a major focus on Africa's resource sector. We do have acreage in one of Africa's emerging oil Province – Somalia. The following brochure will give you a summary of our acreage and its prospects. Please note on disclosure terms that there are also risks inherent in the nature of the proposed Arrangement, including failure to realize anticipated production levels and resource and reserves estimates, anticipated cost savings and other synergies. Note also that this is not a prospectus.

#### **Overview**

The Amsas\_Coriole\_Afgoye (ACA) Block is in the Coriole Basin the Block has 8 wells drilled at the locations shown above in the table from 1959 to 1985. The Block flowed oil at Coriole-1 in 1961 at around 700 barrels of oil. The oil was paraffinic and light with an API of 44-47API. The Afgoyee-1 well flowed gas and the enclosure had an estimate of 200BCF of gas of proven Reserves (1P). The total recoverable reserves are estimated to be around 10TCF though more and proper reserve estimates need to be done. The reserve estimate of the block was very much criticized. The Good news is that all the above eight wells either flowed oil and gas and some had shows. The Cariole basin is one of the most underexplored basins in the world that has proven petroleum system presence.



## **Summary:**

Operator: Amsas Consulting Pty.Ltd. Since 1<sup>st</sup> of December 2008 when the Farm-out Agreement was signed by Transitional Federal Government - one (TFG-I). Amsas Consulting declared Force Majeure in January 2009. Undeclared Force Majeure: June 14<sup>th</sup> 2012 with approval for returning by Transitional Federal Government – two (TFG-II) for 100% acquisition.

## **Contingent Gas Reserves Estimates (Afgoye Area)**

Proven Reserves of Gas (1P): 200BCF  
Proven and Probable (2P): 6TCF  
Proven, Probable, Possible (3P): 10 TCF

## **Contingent Oil Reserves Estimates (Coriole Area)**

High = 5 Billion Boe  
Best = 2 Billion Boe  
Low = 1 Billion Boe  
Distance Oil Zone Coriole (1) to Gas Zone Afgoye(1) = 80 Km

## **Pipeline and Distance to Export Terminal** : 30-60km

Total 2D and 3D Seismic Available: 810km  
Farmout Percentage Availability: Negotiable

## **Afgoye Gas Development Program**

### **Background.**

The Afgoye-Coriole area was explored in the early sixties by Sinclair Oil as part of a large concession area. Among the wells drilled in this area, Coriole-I (1961) tested minor amounts of oil and gas, and Afgoye-I (1966), located some 30 km from Mogadishu, flowed fairly good gas at a stabilized flow of 6.4-9.0 MMCFD under a surface pressure of 5,600 psi.

The gas discovery was deemed partly-commercial for Sinclair, and the well was plugged and abandoned and the area relinquished. The oil companies which took acreage in Somalia in 1979-81 did not show interest in the Afgoye-Coriole area, chiefly because the area was considered gas prone. The Government and IDA (International Development Agency a branch of the World Bank) agreed that the area had a higher potential for gas than for oil.

A seismic survey of the Afgoye-Coriole area was financed under World Bank Credit 1043-SO. This survey identified several interesting features and confirmed that the Afgoye-I well is located on the



flank of a promising structure. A detailed seismic survey was then carried out over this structure, financed by a US\$1 million advance under the Project Preparation Facility (PPF). In all, 810 line-km were shot under the two surveys, with results of good quality. On this basis, several alternatives were considered for the development of the Afgoye gas resources, including the possibility of promoting the whole Afgoye-Coriole block for a combined oil exploration/gas delineation package in 1990 just before the onset of Somalia's civil war. However, in discussions with several major oil companies operating in Somalia it was found that, while the results of the seismic survey showed several interesting leads, the area would not be so attractive under present market conditions ( of low gas prices and oil being around \$15/barrel) as to interest any serious companies in the gas project. As a result, it was decided that the area around the Afgoye feature be separated from the Afgoye-Coriole block for development by the Somali Government, while the rest of the block will be promoted shortly to the international oil industry for exploration in 1990, using the interesting results of the seismic survey as a promotional tool.

### **Recent Findings**

The newly acquired seismic data in mid 1980's as well as the data from the Afgoye-1 well have been analyzed by the Government's technical consultants (Keplinger, McCord Lewis) in 1988. Their interpretation indicates that the structure has a horizontal closure of about 10 km<sup>2</sup> (3.8 sq mi) and a vertical closure of about 500 ft. It is an east-west elongated anticline about 5 km long and 2 km wide at the Tertiary/Cretaceous boundary (about 12,500 ft), and separated from nearby features by a clearly indicated fault. The structure is estimated to contain about 50 ft of producible sands within a 600 ft gross section with more than 200 BCF of recoverable gas. With proper stimulation techniques, the sands should be able to produce about 5MMCFD per well. These conclusions have been verified by IDA staff and independent consultants employed by IDA.

The development of the Afgoye gas resources would be undertaken in two phases in order to minimize financial exposure. The first phase, to be financed under the proposed project, would be to delineate sufficient gas reserves through two step-out wells from the Afgoye-1 well, which would also re-entered to provide a back-up producer well at low cost. The productive capacity and deliverability of these wells would be confirmed through production testing. The subsequent phase would then consist of the installation of surface facilities, a pipeline to Mogadishu, and retrofitting investments to convert major potential customers to natural gas.

The Geophysical Survey over the Afgoy-Coriole area in Block 9 (IBRD20037 and 20062) consisted of seismic acquisition and processing along approximately 810 line-km. The field work started in August 1982 and was completed in March 1983 without encountering major problems. Data processing was done in Houston, **Texas** with quality control supervision carried out by the exploration consulting team. The data processing covered the period from August 1982 through June 1983 utilizing an IBM 4341 and Petty-Ray software.

All the state-of-the-art techniques were used, and the processed lines were made available for interpretation as soon as each line was completed. The interpretation phase of the survey was undertaken by the exploration consultant who also used the help of the Somali trainees during part of the work. The interpretation phase ended in early September 1983. The survey indicated that the Coriole structure was on a different trend from the Afgoy prospect, and that there is another separate trend referred to as the coastal structural trend. Faulting is abundant throughout the surveyed area and creates interpretation difficulties.



Seven prospects were identified in the surveyed area, and the exploration consultants recommended to the CMWR that a well be drilled at a location corresponding to their interpretation apex.

The Somali Government was able to raise \$25million in 1983-88 in order to start producing gas and doing more seismic in the current Amsas Block. We hope to raise more than \$50Million in total in 2014.

### **Conclusion**

The potential for the Amsas Block is undoubtedly that of a Production Stage and we hope to do more seismic and well re-entries as stipulated in the FOA with TFG-I and we hope to move into the production stage by which we have the option and right to earn 100% of the block. We propose doing Full Tensor Gravity (FTG) over the 1million acreage we have soon. The Block has both Oil and Gas and we intend on also targeting Power Generation using gas fired combined cycle power plants so that we might tap into the East African Power pool and the Kenyan Energy Sector that has a huge Energy deficit and the Somali local market that has no power Plants currently.

We are also obligated to drill one well in our 11 years of total exploration periods starting on June 14<sup>th</sup> 2012 – the time we came back from 'Force-Majeure' and also the same time we got approvals from the Somalia's TFG-II government to restart our operations. Amsas-Coriole-Afgoye Block is within the Private Farm of Dr.Ali Abdullahi and Family and it is the only agreement that has clean title from Somalia since the collapse of the Somali state in 1992.

We are of the opinion that the Amsas Block has an upside potential of both Oil and Gas. We are bullish on the capacity of producing over 5 Billion Barrels at Coriole-1 and Coriole-2 wells while the Afgoye-1, Afgoye-2, and Afgoye-3 and many other wells to be drilled are capable of producing total in-place recoverable gas of close to 10TCF.

We believe by re-entering OLD wells that produced Oil at around 700 BOPB in 1961 today and today have pressurized and can produce to around 5000 BOPB or over. We need also to estimate reserves by drilling more wells. We also believe that by re-entering Afgoye-1 that flowed at around 6.4-9.0 MMCFD at a pressure of around 5600 psi it might produce more. Further we have the option of acquiring three(3) new Blocks in Somalia on a First of Refusal clause in our agreement with the Government of Somalia. Block 6,9, and 12, 29 that Belonged to AMOCO and CONOCO might be our target area of acquisition if they do not come back from 'Force-Majeure'.

Data on Somalia such as the Harms and Brady report (The Oil and Gas Potential of Somalia Democratic Federal Republic) and other data can be purchased from Robertson-cgg (UK) Ltd or Amsas Consulting (email:info@amsasconsulting.com or [ceo@amsasconsulting.com](mailto:ceo@amsasconsulting.com) call Dr.Ali Abdullahi on +254704166658, +254738239410).

Further data and reports can be provided upon further negotiations and signing of a Confidentiality Agreement (CA).



- 19 -

ATTACHMENT 1

COMMENTS FROM THE BORROWER

MOG1067  
OEDD2  
.IBRDMOG  
INTBAFRAD MOGADISHU  
SOMALIA  
NOVEMBER 22, 1988

FOR ALEXAND NOWICKI

BELOW ARE COMMENTS RECEIVED FROM ALI NALEYE OF OCTOBER 18 ON THE PETROLEUM EXPLORATION PROMOTION PROJECT (CR. 1043-SO). NO OTHER COMMENTS WILL BE RECEIVED.

QUOTE: THE REPORT IS OBJECTIVE AND WELL WRITTEN AND WE ARE SATISFIED WITH IT. HOWEVER WE WOULD HAVE LIKED THE UNSATISFACTORY PERFORMANCE OF CONSULTANT FIRMS-ENERGY DEVELOPMENT INTERNATIONAL (EDI) AND THE ENGINEERING FIRM KEPLINGER-TO BE MORE STRONGLY STRESSED. IN FACT, WE FEEL A PASSING COMMENT ABOUT THE NON-PERFORMANCE OF THESE CONSULTANTS IS UNFAIR TO THOSE WHO PERFORMED BETTER.

1. IN OUR OPINION, EDI'S WORK FOR MMW WAS TOTAL FIASCO, IN SPITE OF REPEATED MONITORING EFFORTS AND ASSISTANCE BY THE I.D.A THE FIRM NEITHER FULFILLED THE PRIMARY OBJECTIVE TO ESTABLISH A DATA BASE FOR POLICY DECISIONS NOR DID THEY ESTABLISH A SATISFACTORY FRAME WORK FOR CONTINUOUS PLANNING OR A GENERAL OVERVIEW OF ENERGY SITUATION THAT COULD SERVE AS BASIS FOR FURTHER STUDIES.

2. KEPLINGER'S INTERPRETATION OF AFGOI SEISMIC DATA WAS FLAWED. NO CONSIDERATION WAS GIVEN TO NUMEROUS FAULTS WHOSE EXISTENCE IN THE AREA IS UNDOUBTED. THE ANTICLINAL STRUCTURE THE FIRM CAME UP WITH WAS FICTITIOUS, HENCE THE GAS WELLS WERE MISLOCATED. WE FEEL REINTERPRETATION OF THE SEISMIC SECTIONS WILL SHOW DIFFERENT STRUCTURE, AND THE PROBABILITY OF FINDING A GAS DEPOSIT IS STILL EXISTS.

3. WE FOUND MINOR ERRATA IN FOLLOWING PARAS:

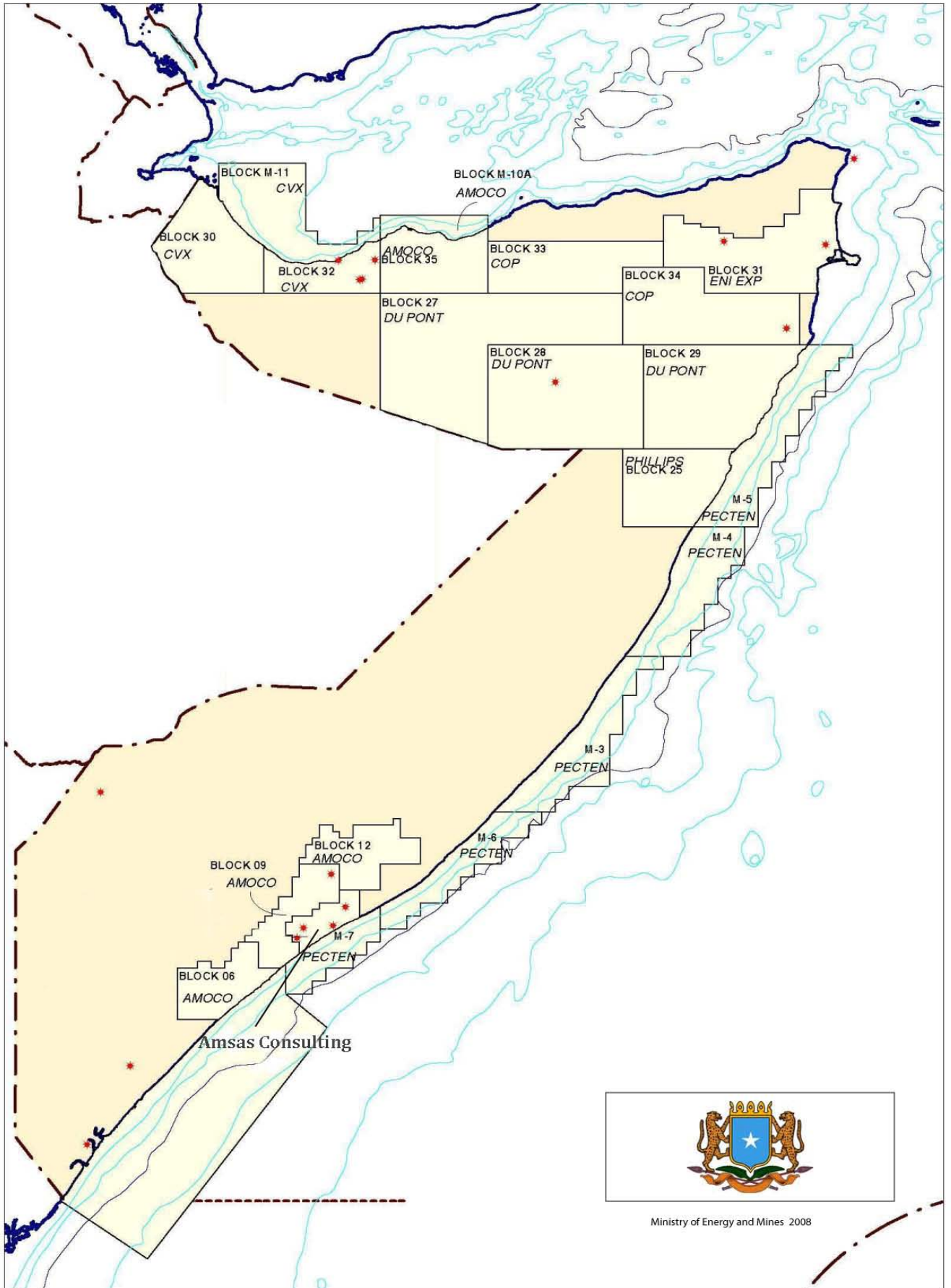
I. PAGE 1, PARA. 1.03.

PLEASE NOTE THAT THE MINING CODE WAS PROMULGATED IN JANUARY 9, 1988, NOT FEB. 1988.

II. PAGE 3, PARA 2.01

WE BELIEVE PETROLEUM ACTIVITIES CEASED IN 1974, WHEN BURMA OIL CO AND ITS PARTNERS RELINQUISHED THEIR CONCESSION ACREEGE IN LUGH BASIN, HENCE A LULL OF ACTIVITIES OF ABOUT 5 YRS. UNQUOTE.

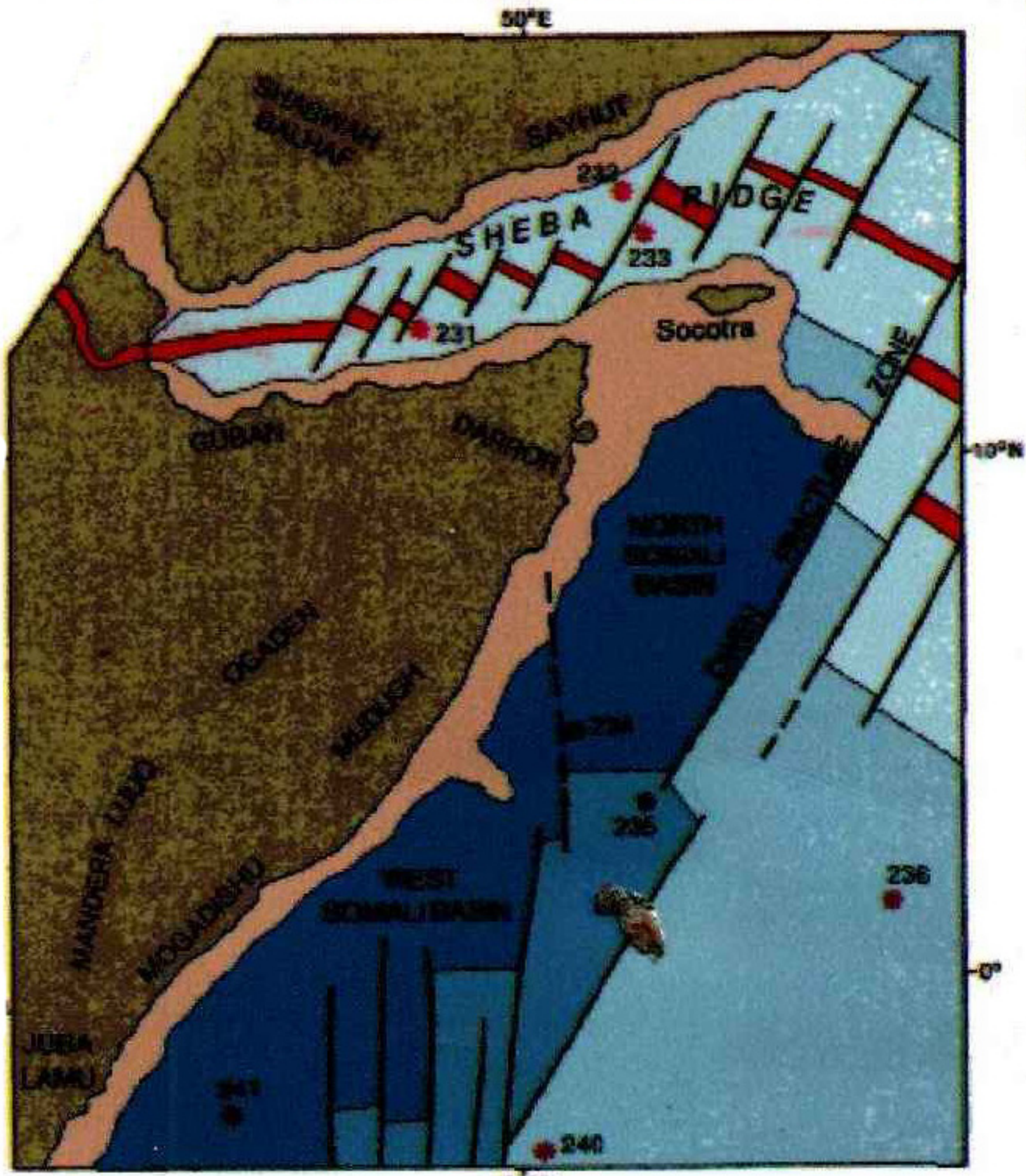
REGARDS, FALCOWER











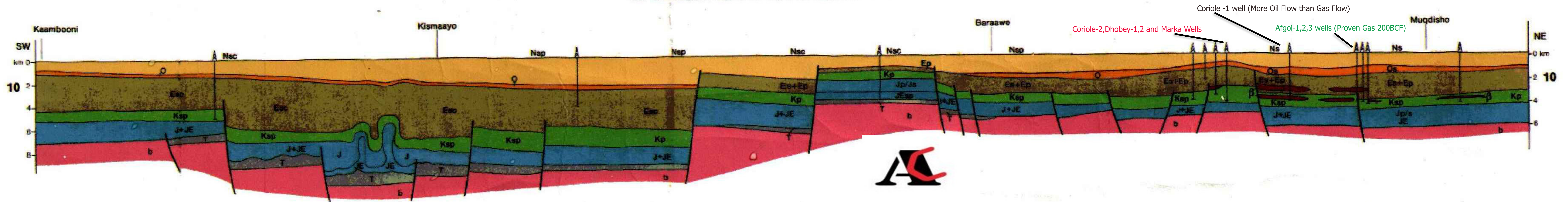
Ministry of Energy and Mines 2008



**Main tectonic elements of Western Indian Ocean and Gulf of Aden, and major sedimentary basins in the Somali peninsula and Southern Arabia**

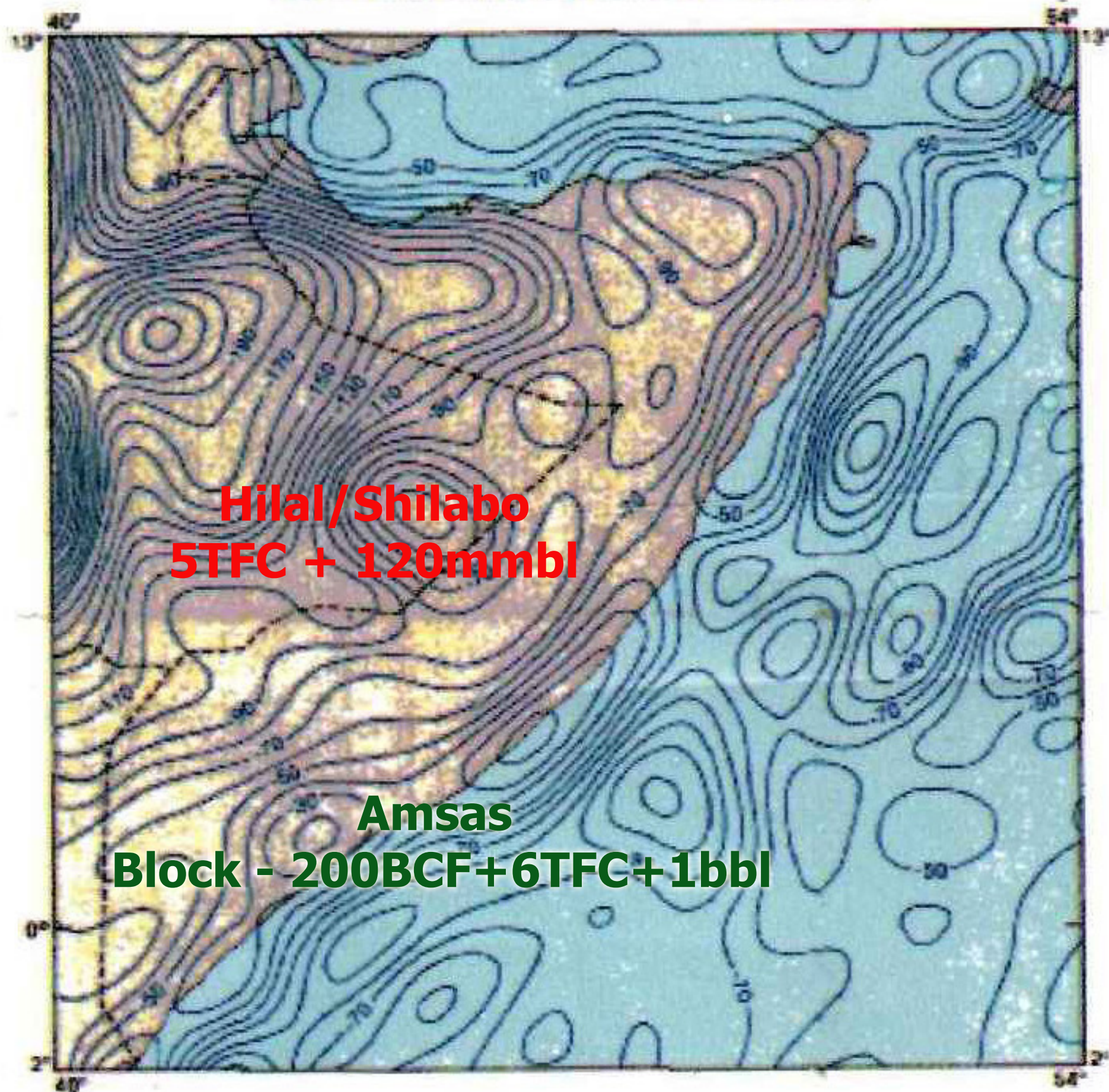


- |   |                                 |   |            |
|---|---------------------------------|---|------------|
|  | Continental crust               | <b>Age of the ocean crust</b>   |            |
|  | Submerged continental crust     |  | Jurassic   |
|  | Axis of active spreading        |  | Cretaceous |
|  | Deep-Sea Drilling Project wells |  | Paleogene  |
|   |                                 |  | Neogene    |

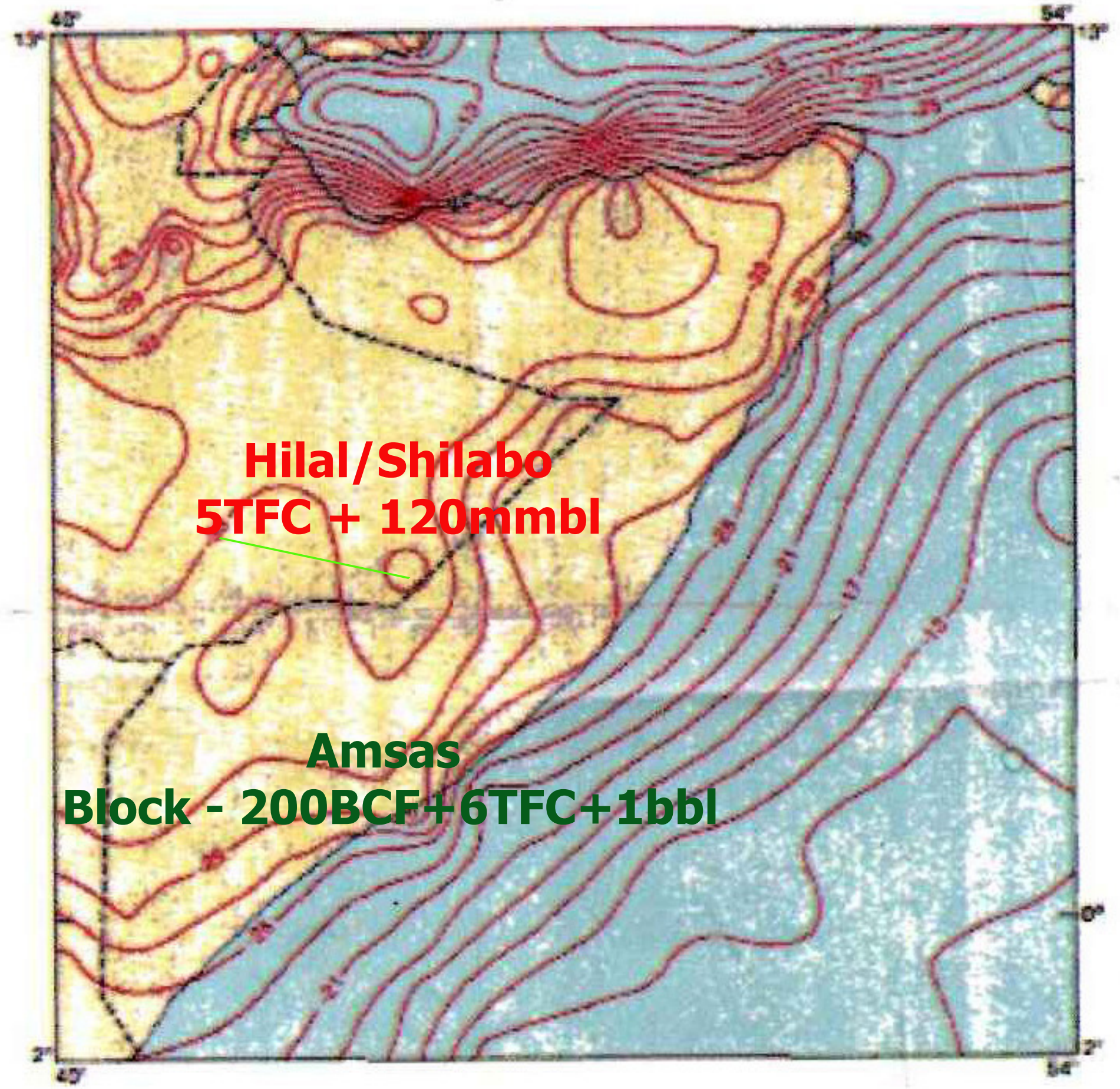


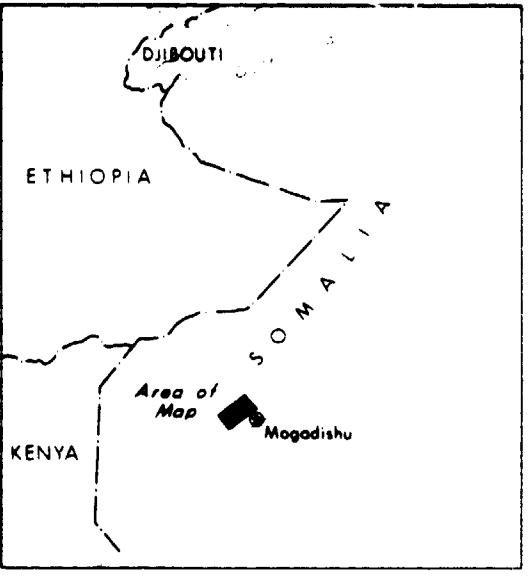


**Regional Bouguer Gravity Map of the Horn of Africa**  
Low-Pass filtered ( $\lambda > 200$  km)



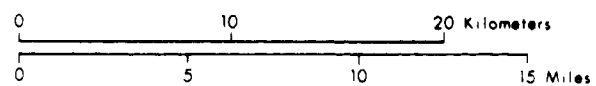
**Moho Depth (km) of Horn of Africa from gravity data**



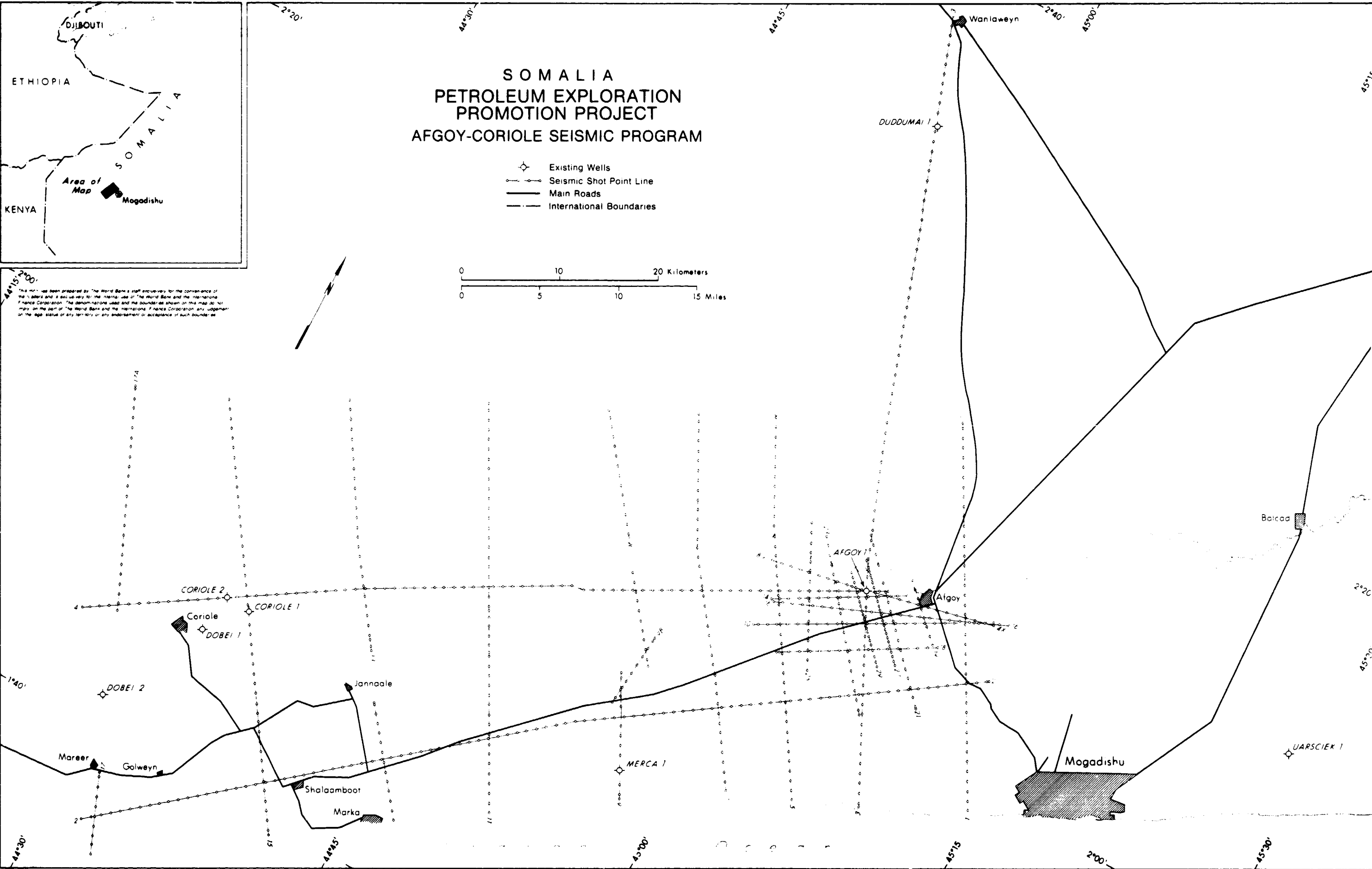


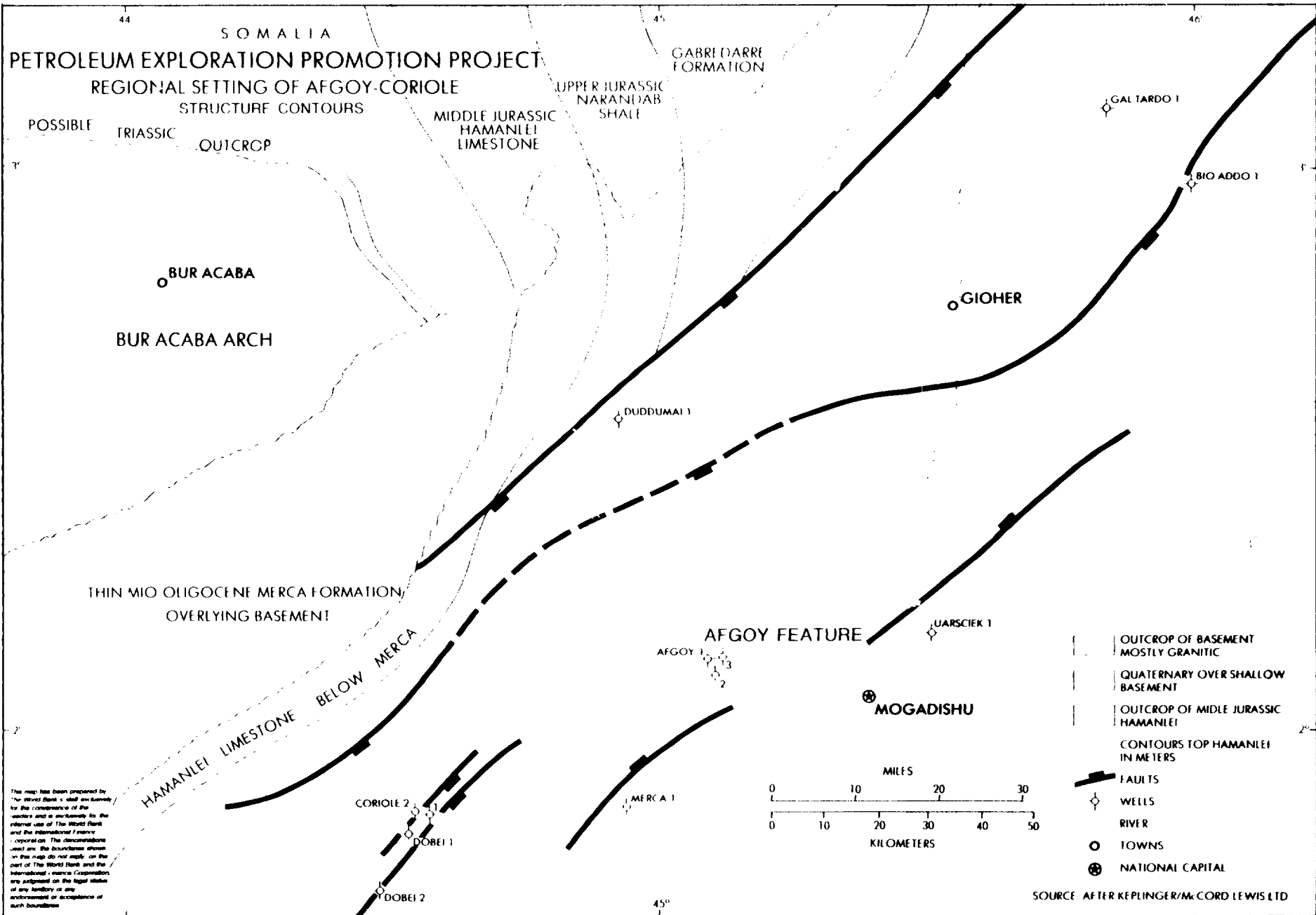
# SOMALIA PETROLEUM EXPLORATION PROMOTION PROJECT AFGOY-CORIOLE SEISMIC PROGRAM

- ⊛ Existing Wells
- ⋯ Seismic Shot Point Line
- Main Roads
- - - International Boundaries



The map has been prepared by the World Bank's staff exclusively for the convenience of the readers and is exclusively for the internal use of the World Bank and the International Finance Corporation. The denominations used and the boundaries shown on this map do not imply on the part of the World Bank and the International Finance Corporation any judgement on the legal status of any territory or any endorsement or acceptance of such boundaries.





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NOVEMBER 1988

IBRD 20063

# Abdullahi getting serious

He has been an ebullient figure on the East African oil circuit for 15 years — now the founder of Amsas wants recognition as a major regional player

**BARRY MORGAN**

Nairobi

**A**LI MOHAMMED Abdullahi, the Somali founder and chief executive of Australian oil services vehicle Amsas Consulting, cuts an ebullient figure on East Africa's oil circuit, where he has worked for 15 years at the corporate and political level.

Having acquired an acreage position in southern Somalia, Abdullahi is now seeking recognition as a serious regional player, leveraging his political roots in a region bedevilled by ethnic and clan rivalry.

Born in 1964 into a well-to-do political family with estates to the south of Mogadishu in Qoryoley, Abdullahi's early life seemed idyllic.

As a youngster he ranged over the huge maize and sesame plantations that his father purchased when serving as local governor.

"I used to walk and walk for hours till I got tired. Myself and the local boys, we would play by the banks of the Shebelle river, competing to see who could climb the fastest and pick the juiciest mangos," he says.

Abdullahi recalls resting on a rock to catch his breath in the dry season, only to see his friends' jaws drop as they ran away into the tall grass. "I'd sat on an old crocodile in hibernation, which had been sleeping deeply, but began to stir. They're really only dangerous when the river rises."

In 1972, the family sought political asylum in Kenya, three years into the tumult that followed the coup d'état that ushered the military dictator Siad Barre into power.

"Most of our Majertain clans crossed the border into Mandera, but ours fled to Nairobi to re-organise the family transportation venture, which offered me my first taste of business."

About 200 trucks criss-crossed the continent from Tanzania to Burundi, Malawi and Zambia.

Family villas sprang up and the clan spread throughout the

region. After attending the prestigious Alliance High School at Kikuyu, arguably the best in Kenya, Abdullahi progressed to Monash University in Melbourne, where he studied information systems, later earning a doctorate in 1997 at Deakin University in the strategic management of e-commerce — just one year after setting up Amsas.

Abdullahi laughs as he describes his entry into politics.

"I returned to Puntland to become a warlord that same year, developing our diaspora network and helping create the charter for an autonomous state — we wanted to be like Somaliland because at that time we could not see Somalia stepping back from the political abyss," he says.

As political adviser to Puntland's first president Abdullahi Yusuf — who died last month — he pressed for immediate elections, but was rebuffed by his boss, who insisted the fledgling state was too small and risked destabilisation if it made too much noise.

**Risk management** "In effect, Yusuf was temporarily overthrown for a six-month period, during which we sat down with the elders in a peace process sponsored by the European Union that resulted in the 2004 Transitional Federal Charter."

Abdullahi was a key negotiator in the selection process following the Somali reconciliation Conference that brought Yusuf to power in the transitional government — and also threw his own name into the hat.

"Then I was just a risk management candidate, but stood again for the Puntland presidency in December 2008."

Back in the 1970s, Abdullahi had run the youth wing of Yusuf's exiled Somali Salvation Democratic Front, which fought the Barre regime, meeting politicians arriving at the airport and taking care of the injured returning from the battlefield.

"I was very young and at the

**I** was very young and at the centre of power, taking minutes and acquiring negotiation skills, and soon began to think like the elders.

centre of power, taking minutes and acquiring negotiation skills, and soon began to think like the elders. I learned to listen, to smile, how to be patient and not let frustration show."

As adviser to Yusuf from 2007 to 2008, he understood how proper organisation of the resource sector is critical to the stability of any country, having earlier worked for Mogadishu's Ministry of Energy, trying to retrieve data that survived the war — much of it spirited away to Egypt by agents of the Arab League.

Abdullahi last month relinquished his official role as Special Adviser on Energy to the Somali Cabinet and is preparing his new Justice & Development Party, which he chairs, to help draft the new constitution and fight presidential elections this August. □

**Progress: All Mohammed Abdullahi**

Photo: **BARRY MORGAN**



**WE ARE REDEFINING FLOATING PRODUCTION SOLUTIONS.**

## EAST AFRICA

# Amsas is confident of Somalia success

Player sees early moves to acquire block rights as key to future rewards

BARRY MORGAN

Nairobi

**A**MSAS Consulting chief executive Ali Abdullahi is aiming to attract suitors to his Somali Government Area (SGA) block — a 4700-square kilometre coastal plot onshore, directly opposite maritime Block M-7 once held by Shell unit Pecten before the Somali civil war started.

Abdullahi has finally decided to show his hand, buoyed by the recently concluded Pan-Somali London conference. The meeting stopped short of recognising breakaway entities but did endorse dialogue in shaping regional relations once the transitional institutions expire in August. International insistence on a unified Somalia will enable any incoming government to refocus on Mogadishu's sole capacity to issue exploration and production licences, securing the status of Amsas' title at the same level enjoyed by majors, which declared force majeure when hostilities erupted in 1991.

Amsas secured 49% of the SGA licence from the Ministry of Energy & Mines in 2008, signed off by the late president Abdullahi Yusuf under the old Mining Code (Law-VII of 1984). However, Amsas boss Abdullahi kept his deal under wraps until the time looked ripe for a 30% farm out.

"The next federal government

will likely enjoy powerful legitimacy and any review of existing oil contracts will reveal our position to be very strong," says Abdullahi.

The 11-year PSC is split into an initial six-year exploration period, during which airborne gravity survey is required alongside 1000 kilometres of 2D seismic, while the second phase requires acquisition of 600 square kilometres of 3D seismic and one well by December 2019.

No limit to cost recovery of operational expenditure is stipulated, while capex is limited to 50% before a 25-year development phase, extendable by five years.

As an additional sweetener, all tax is paid out of the government's share of production, while royalties on oil are pegged at 10%, and 5% for gas and condensates. Production sharing terms in the sliding scale provide for a 60:40 split between Am-

sas and the government, between 75,000 and 100,000 barrels per day of oil, and a 70:30 split for gas up to 250 million cubic feet per day, with a 60:40 split thereafter.

Probes drilled in the 1960s by Sinclair Oil included Qoryoley 1 and 2, Dhobey 1 and 2, Afgoye 1 and Marka 1, all located on Abdullahi's family farm, evidently providing ample incentive for the Somali government to contract Parker Drilling after 20 years to drill Afgoye 2 and 3.

Just 40 kilometres south of

*The next federal government will likely enjoy powerful legitimacy.*



Upside: Amsas chief executive Ali Abdullahi  
Photo: BARRY MORGAN

Mogadishu, about 200 billion cubic feet of gas was discovered before force majeure stopped play "but with proper exploration the upside is huge", says Abdullahi, who has been sounding out prospective partners.

**Right of refusal** The real significance of the Amsas award, given that Somalia's fractious power brokers are inching towards rapprochement before nationwide

polls this summer, is the attendant right of first refusal for another three blocks of its choice across the whole of Somalia.

The choice would include all those blocks once allocated to Eni, Chevron, ConocoPhillips, Pecten and Amoco if they fail to reclaim their acreage, and trump claims by newcomers currently active on behalf of the putative administrations in Puntland and Somaliland.

Abdullahi's PSC also envisages a 5% "mandatory local empowerment and participation in any three blocks" even if majors retain their acreage positions once Amsas and the government lift force majeure.

The Horn Petroleum consortium, currently drilling Shabeel 1 in Puntland's Dharoor basin, may face some pressure as ConocoPhillips and Eni are examining their legal options as gazed operators of blocks 34 and 31.

Horn comprises Toronto-listed Africa Oil, associated with Sweden's Lundin Group, Australian explorers Range Resources and Red Emperor and may also shortly embrace TSX-listed Marauder Resources East Coast.

Marauder's eyes are firmly fixed

on the Nugal basin, hotly contested with the Somaliland regime, plus the entirety of Puntland's offshore acreage recently relinquished by Range. Marauder aims to sign its own PSCs by 15 July, just before Somalia's national elections.

Australian minnow Jacka Resources last month trumpeted an acquisition from Petrosoma and Prime Resources of a 50% operating stake in Somaliland's Habra Garhajis in the formerly designated Block 26 — now SL6.

**Prospective acreage** Former Somaliland Minister of Water & Energy Ahmed Behi tells Upstream he believes this is the territory's most prospective acreage, while others hinted the Jacka deal may simply be an attempt by the Garhajis, a local sub-tribe of the Isxaaq, to claim title before internationally sanctioned moves to reposition upstream policy in Mogadishu.

Should peace be restored to a united Somali sovereignty, then all of these companies, including operators Asante Oil, Prime Resources and Ophir Energy, would be left with little to show for their pains, save muted recognition for having kept the flag flying during the dark days.

**MMC**  
ENGINEERING  
FOR TOMORROW

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# WORLD FEATURE

*I had the well logs and reports on my laptop, which was stolen, though I had it all backed up. I suspect foul play by those who might benefit if I couldn't prove my claim.*

Amsas chief executive Ali Abdullah

## 2.5 billion barrels

**THE POSSIBLE** reserves found by Tullow at Turkana, similar to the Albertine Graben in Uganda.

### Kenyan block still attractive

LEAST heralded among Kenya's prospective undrilled areas is Block 1, a sprawling tract operated by Lion Petroleum in partnership with Afren in the Mander-Lugh basin, writes Barry Morgan.

The basin stretches into Somalia and the Ethiopian Ogaden, where significant quantities of oil have been found.

A total of 17 leads in Block 1 resemble similar gas finds across the border in Ethiopia, while oil-filled fractures abound in the Murri Formation, among which the Tarbaj oil seep has the potential on its own for designation as an oilfield, says Lion chief executive Alec Robinson.

Sproule International told Lion the leads could not be mapped without additional seismic, so Robinson ordered more before a planned listing on the Toronto Exchange and a one-well commitment in 2013.

Robinson pegs block reserves at 750 million barrels of oil equivalent, but hints the upside is much greater. Nairobi's Energy Ministry appears to concur and is agitating for the block to be split into three parts.

Australian oil services outfit Amsas Consulting is targeting Somali acreage directly abutting Block 1. Amsas is run by Somali businessman Ali Abdullah.

Having already snared the Somali government block on the coast, Abdullahi has sought additional acreage off southern Somalia to the north of the Jorre block, contiguous with the disputed Kenyan maritime boundary.

"I had the well logs and reports on my laptop, which was stolen, though I had it all backed up. I suspect foul play by those who might benefit if I couldn't prove my claim, given the chaos in the present Somali administration.

"I worked hard for the Somali Energy Ministry in 2005 to secure all the digitised data from Harms & Brady in Colorado, then Shell sent most of its data back to Mogadishu but it was stolen en route. Nobody knows by whom — but we got it a year later."

Jorre was secured by Total in 2007 as a technical evaluation area. However, Total failed to convert the play into a production sharing contract when the government collapsed on the very day it was scheduled to pay a \$5 million signature bonus — that too, is now up for grabs.

Several homegrown Kenyan independents, such as Bahari Resources, have sensed relinquishment in the air, alongside regional operators Petrobras and Cove Energy, all actively pursuing demarcated acreage in southern Somalia.

### AFRICA

## Watching over East African potential

Security issues dominate the scene around the Horn of Africa but **strengthening resolve to crack down** on piracy and terror threats could open the door for **oil and gas majors**

**BARRY MORGAN**  
Nairobi



Watchful: a Ugandan soldier serving with the African Union Mission forces in Somalia looks over a haul of weapons captured along with four suspected members of terrorist organisation Al Shabaab  
Photo: AFP/SCANPIX

**I**NSECURITY in the Horn of Africa, coupled with rising concerns that the ungoverned tracts of eastern and central Africa could offer a fresh safe haven to al-Qaeda affiliated terror networks, are proving to be major worries for Western energy planners.

Since the vast oil and gas reserves of this untapped region are needed by all major players to feed the global economy, all have an interest in restoring the stability required to guarantee big-ticket infrastructure projects proposed to tame the hinterland and eliminate piracy from coastal plays and shipping routes.

An international consensus is emerging for the deployment of a multilateral military force, combined with aid and energy invest-

ments to dampen threats to security. It is a tall order — risk mitigation company AKE predicts a sharp rise in Somali piracy, despite a general easing since 2010 — and naval forces from the US, China and the European Union are forcing Puntland's pirates deep into the Indian Ocean in search of prey.

**Volatility** The Somali capital Mogadishu, and Baidoa, in the south of the country, may be returning to normal but United Nations-backed African Union peace-keepers from Kenya, Djibouti, Uganda and Burundi face a long slog, while independent Ethiopian forces may soon be forced to slow their withdrawal from volatile areas.

Also under scrutiny is the role of some links in Eritrea and gas-producing giant

Qatar in providing support for Somalian Islamist militant group Al Shabaab. This group is fractured but still dominant in southern and central areas of Somalia, providing the impetus for a renewed determination to reinstate Transitional Federal Government control in those areas.

Restoration may see majors return to fresh plays throughout the Horn of Africa, with new licensees venturing into deserts long deemed off limits by suitors deterred by regional insecurity.

Much is riding on Kenya's \$20 billion Lamu-Southern Sudan-Ethiopia Transport Corridor (LAPSSET) pipeline project.

However, these costs are set to soar once pipeline construction approvals are added in following protocols signed with South

Sudan for a trunkline to route Heglig-Unity oil to the Indian Ocean.

Kenya wants Tullow Oil's recent discoveries in Turkana to be routed through the proposed pipeline and for Ugandan President Yoweri Museveni to allow Albertine Graben crude to link up to be included.

**Rural terror** LAPSSET also envisages a rail link from the Indian to Atlantic oceans via the Central African Republic, where 100 US Navy Seals are camped in pursuit of renegade leader of the Lord's Resistance Army, Joseph Kony.

Kony's reign of rural terror is perhaps the most visible symptom of the endemic lawlessness that has gripped Central Africa for decades, rendering serious exploration and

production and attendant economic investments practically impossible.

The political terrain may change, with engagement by the US evident across the Nile basin, including the fledgling Republic of South Sudan, which some fear is close to resuming hostilities with North Sudan.

Unfazed, US supermajor ExxonMobil has just got approval to acquire Marathon Oil's 22.5% stake in the hugely prospective Block B, operated by Total under a contract awarded by the Islamist regime in Khartoum — and thus deemed illegal by South Sudan.

Securing such a waiver from the US Treasury Department's Office of Foreign Assets Control (OFAC) is a surprise blow to all oil suitors negotiating with the South in good faith as it signals the US will force

through northern contracts despite the views of the South Sudan administration.

Since OFAC's job is to "enforce economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, regimes and terrorists", one might assume that some form of intervention is possible.

Total is aiming to drill in South Sudan later this year but given the centrifugal forces stirring the heart of South Sudan politics, ExxonMobil's unheralded foray into this sensitive play may offend militias seeking resource control and new contracts after years of bloodshed in defence of their patrimony.

Amsas confidant of Somalia success: Page 26

### Regions can benefit as players vie for prizes

#### RECENT FINDS GIVE AREA A LIFT

*Explorers see drilling as substantially de-risked*

THE border regions with Kenya can benefit from recent finds and momentum as indicated by Camac Energy's move last month to sign for a production sharing contract for Block 11a, effectively gazumping UK explorer Adamantine Energy, which declined to spend early cash shooting seismic over the volcanics, writes Barry Morgan.

Adamantine is in the final stages of securing neighbouring Anza basin Block 11B, the latest in a string of suitors snapping up open acreage in the Anza-Lodwar-Turkana basins stretching on a south-west axis into western Kenya.

Last month's announcement by Tullow that Turkana in Kenya could hold twice as much as the 2.5 billion-barrel Albertine Graben substantially de-risked northern Kenya, tempting the Energy Ministry to play hardball with explorers seeking extensions and to demand hefty signature payoffs from new entrants.

Tullow and Africa Oil are pressing ahead with the Ngamia 1 well, targeting deeper horizons, before mobilising for the Kamba 1 probe also on Block 10BB.

"We're trying to de-risk a line of structural concepts indicating several prospects each likely to host about 200 million barrels," says Africa Oil chief operating officer James Phillips.

Wildcat Paipai 1 is next on Block

1, then exploration prospects in 12A and 13T.

"Our own string of pearls, initially acquiring full sensor gravity, then seismic over leads like the Gameda prospect, where basin size is similar to the Albertine Graben," says Phillips.

"In 12A, we shall focus on the Kerio Valley Deep and hope there's enough source rock.

"About 1350 kilometres of lake seismic has just started in Turkana Block 10BA, where we think the geology extends from Ethiopia's Omo Valley, so we're now moving seismic focus from the eastern to western side of Lake Turkana."

Phillips says the Omo rift demonstrates "a good deep graben with slicks on landsat imaging and confirmation of hydrocarbon features, so we intend to convert our joint study agreement with Addis Ababa into a full-fledged PSC."

Optimism even abounds on Block 9, which China National Offshore Oil Corporation exited after finding only modest gas resources on Bogal 1 — "because they drilled on the edge of the transition zone and found nothing in the fractured Jurassic sands, whereas we have seen 27 metres of gas up and reckon on up to 4.5 trillion cubic feet of gas on Bogal alone," adds Phillips.

Dubai-based Zarara Oil & Gas is at work to the west proving up the Pate gas field on Lamu basin Block L-4 and will extend activity to L-13 "as soon as the risk of piracy subsides".

Ophir Energy chief operating office Mike Fischer says multiple play types will be targeted this year for L-9 and L-15 in a 15-well campaign through 2013, while offshore players Afren, Anadarko and Total will resume drilling this year.

### Basin can make its mark

AWAY from the Great Rift Valley plays, running on a north-south axis through western Kenya, is a little-known sub-basin surrounding Winam Gulf on the edge of Lake Victoria.

This eastern arm of the East African Rift System may possibly be a failed rift or even a volcanic anomaly, while old gravity data indicates the existence of a significant sedimentary basin — though only additional work can confirm this.

Block 12B comprises 7000 square kilometres and the play has been long neglected. However, it was targeted in January by Perth-based start-up Swala Energy, which farmed in to a 50% stake and was joined by Tullow Oil one month later when the Irish explorer took the other half as operator.

For years no one showed any interest, and Tullow executives have since barely mentioned the acquisition, despite ample conference opportunities to explain why it picked up this remote piece of real estate.

For Kenyans the significance of

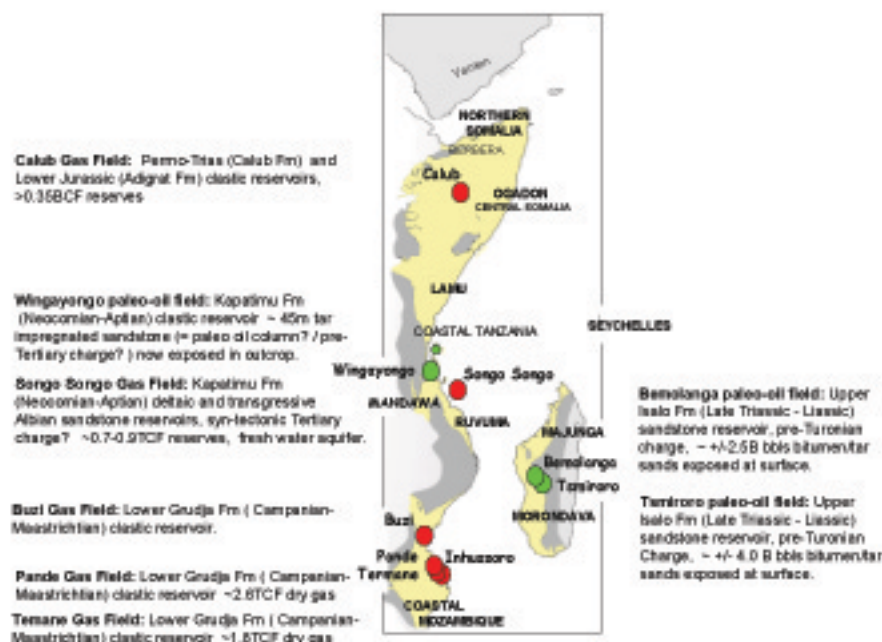
this play is that Nyanza Province comprises the cultural heartbeat of the Luo people, who have always played a pivotal role in national politics and the area is where Prime Minister Raila Odinga calls home.

Odinga's father Jaramogi Oginga Odinga was instrumental in the country's independence struggle and became Kenya's first vice president but the Luo never actually managed to secure the highest office in the land, and that rankles.

One joke doing the rounds in recent polls held that it is easier for a Luo man to become President of the US than of Kenya — and that may still be true.

Apart from being a picturesque place, Nyanza plays host to what local tourist authorities tout as the "Obama Circuit" as the US President's own father hailed from Kogelo and Kendu Bay, and can even trace his line to Owiny the Great, who in the 1590s led the second wave of Luo migration from Uganda's Lake Albert into western Kenya.



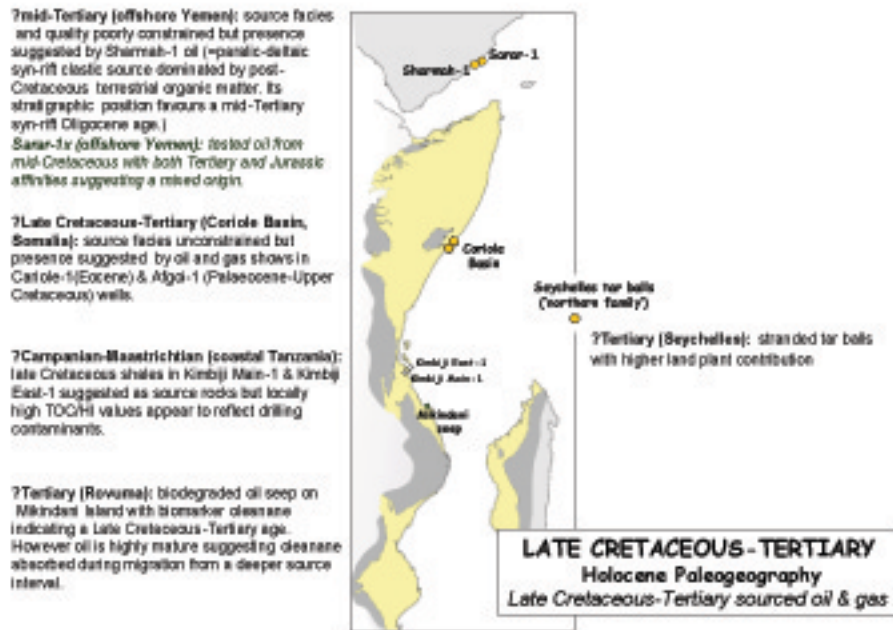


East African Coastal Basins (location map). Main sedimentary basins highlighted with key gas fields and oil sands (paleo-oil accumulations).

### Tentative Oil Families ~ East African Coastal Basins

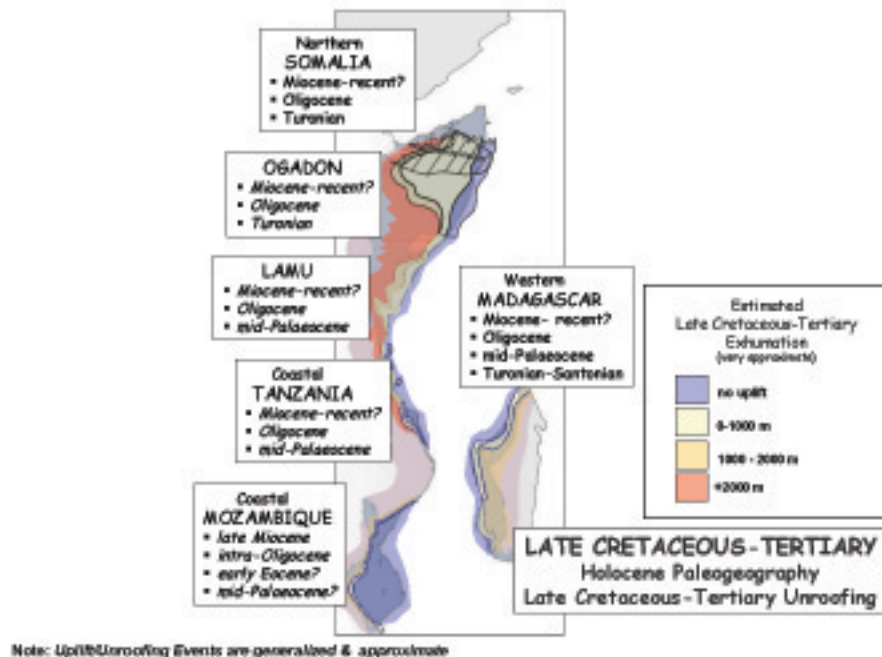
<b>Late Cretaceous/Tertiary</b>	●	Syn-rift lacustrine source facies offshore Yemen, ?Carole (Somalia), NE Seychelles, Cambay (NW India)
<b>Upper Jurassic Late Kimmeridgian - Tithonian</b>	● Lam ● Madbi	Syn-rift restricted clastic source facies, Marib-Jawf (Lam) Saar (Madbi) and Barbera (Daghari) Grabens, Yemen and Northern Somalia
<b>Oxfordian-Early Kimmeridgian</b>	● Urandab	Marine shelf clastic source facies (Urandab) Ethiopia/Somalia
<b>Middle Jurassic</b>	● Early post-rift ● ? early post-rift	Distal slope-basin & restricted marine carbonate source facies (Amboni, Mtumbel, Bemaraha), Tanzania coastal/Rovuma and Morondava / Majunga Basins, Madagascar
<b>Lower Jurassic</b>	● Syn-rift ● ? syn-rift	Variable, heterogeneous hypersaline (Mbuo) and restricted marine (Baconono, Andafia) clastic source facies, coastal Tanzania, Mandawa, Rovuma, Majunga/Morondava & Seychelles
<b>Early Triassic - Late Permian</b>	● $\delta C$ light ● $\delta C$ heavy ● undetermined	Lacustrine (isotopically light, saline) source facies (Sakamena, Maj ya Chumu, Bokh), northern Morondava, Kenya & Ethiopia Restricted marine lagoonal source facies (Sakamena, Maj ya Chumu, ?Sligo), Majunga/Morondava, coastal Tanzania, ?coastal Mozambique
<b>Lower Cambrian - Upper Pre-Cambrian</b>	● Q oils ● North Huqf ● South Huqf	Restricted (post salt) carbonate source facies (Early Cambrian Dhahaban), central Oman Siliceous and carbonate intra-salt (Ara Gp/Al Shomou) and pre-salt (Bush, Shuram) source facies south and north-central Oman and ?dolomites facies (?Bilana), Punjab/ Bikaneer-Naguar Basin, Pakistan & India

Tentative Oil Families, East African Coastal Basins. Oil shows, seeps and tar sands encountered in the onshore and shallow offshore of the East African seaboard are shown tentatively grouped into discrete families based upon a diverse geochemical data set, and constrained by their stratigraphic distribution. Based in part on information from GeoMark Research Ltd., Mpanju 2000, Kagya 1996, 2000, Matchette-Downes 2005, 2007, Maende & Mpanju, 2003, Mpanju & Philp 1994, Ntomola & Abrahansen 1987.



### LATE CRETACEOUS-TERTIARY ~ *Holocene Paleogeography*

Oil & gas occurrences attributed to the Late Cretaceous-Tertiary (defined by the presence of the biomarker Oleanane and/or stratigraphic position) are summarized and recognized oil groups highlighted by coloured dots (~ see figure 2 for key). Based in part on information from Geomark Research Ltd., Matchette-Downes 2005, 2007, Maende & Mpanju, 2003, Mpanju 2000 and Mpanju & Philp 1994



### LATE CRETACEOUS-TERTIARY *Holocene Paleogeography*

Late Cretaceous-Tertiary Unroofing. The composite amount of Late Cretaceous-Tertiary unroofing was calculated by comparing well based maturity profiles within each basin with a 'standard' well profile representing a minimal amount of uplift. The difference provided a relative estimate of exhumation assuming a common basin-wide thermal gradient/heat flow. The map presents a very generalized view of unroofing, variably constrained by data quality and well control. More significant periods of uplift and erosion summarized for each basin are based on a regional 2<sup>nd</sup> order sequence analysis and are very provisional.

## Minnows see oil seeping out from fractured state

Even while Islamist militiamen are consolidating power having removed warlords from Mogadishu, intrepid explorationists are looking to prospective E&P permits in breakaway Somaliland and other parts of Somalia's fractured state, writes **Jon Marks**, with **Eleanor Gillespie**.

**E**ver heard of the *Republic of Puntland*? The chances are that this north-eastern region of Somalia will become much better known, at least among investors with a strong appetite for frontier resource plays, when Australian minnow *Range Resources* attempts to list in the coming months – on London's *Alternative Investment Market (AIM)*, of course, and probably the trendy **Dubai** market as well – to fund its Puntland play.

The unrecognised *Republic of Somaliland* is better known, with a history which offers up characteristics of statehood that means President **Dahir Rayale Kahin** or a successor (Somaliland, after all, boasts a vibrant democracy) could yet tread a wider international stage. A thought-provoking report issued by the Brussels-based *International Crisis Group (ICG)* on 23 May argued that Somaliland showed sufficient characteristics of a nascent sovereign state to suggest that the *African Union* and wider international community needed a more coherent approach to Somalia's northern flank.

Kahin submitted Somaliland's application for AU membership last December, and the question was discussed during the AU's recent Banjul summit.

Somaliland was an early focus area for *Ophir Energy Company*, the Perth-based E&P company led by former *Fusion Oil & Gas* founder **Alan Stein** and 50%-owned by **South African** black economic empowerment (BEE) magnate **Tokyo Sexwale's Mvelaphanda Holdings (AE 80/5)**.

*African Energy* has in recent weeks spoken to senior executives of Ophir, Range and other companies interested in the region. Their constant refrain is that the northern region at least is 'highly prospective' – it is seen as a continuation of the geology that made **Yemen** an established E&P play for smaller independents. Executives also argued that their area of operation benefited from a level of 'political stability' not apparent elsewhere in this chaotic country.

Somalia remains the model of a modern fractured state. The irony of the takeover of Mogadishu and an increasing amount of territory by the fundamentalist *Islamic Courts Union* that this group may have potential for uniting the country – the profound wish of a majority of Somalis, regional and western governments. History suggests that instability in Somalia could reach far beyond the borders of a fractured state that has festered since the death of dictator **Siad Barre** in 1991.

The **United States** government has identified the Islamic Courts and their leaders with *Al-Qaeda*; the Courts deny this. Washington was backing rival warlords and their militia to stop a deeply embarrassing Islamist takeover (although this is officially denied by the Bush administration), which shows

how far the chaotic situation has progressed since then president **Bill Clinton** ordered US forces to withdraw in 1993.

The process that led to the creation of Somalia's *Transitional Federal Government* was backed by the *United Nations*, but the international consensus has it that the TFG is too weak to mend the fractured state. This has added to the Somaliland and Puntland authorities' claims to statehood and full autonomy, respectively – helping their IOC partners to argue that often unrecognised claims have genuine political substance.

### Somaliland has potential

The Republic of Somaliland proclaimed its independence on 18 May 1991, and although its sovereignty is not recognised by any country, several governments have developed bilateral relations (with liaison offices in **Ethiopia** and **Djibouti**). The Somalilanders have shown an aptitude for self-government that has impressed many observers, including the ICG (whose recent report, *Somaliland: Time for African Union Leadership* can be consulted in the subscribers' online library at [www.africa-energy.com](http://www.africa-energy.com) or on the ICG website, [www.crisisgroup.org](http://www.crisisgroup.org)).

"Somaliland's moral, if not legal, case for recognition is lent additional weight by the territory's credentials as one of the most active democracies in the region," the ICG said. It also concluded that: "The idea of a sovereign Somaliland is no longer the political platform of an armed faction so much as it is the reflection of an incipient national identity."

While sharing profound ethnic, linguistic and other communal ties to greater Somalia, there is substance to Somaliland's independence claim, based on its colonial (**British** Somaliland Protectorate) and brief post-colonial existence as an entity independent of (**Italian**) Somalia. Its claims do not necessarily run contrary to the international legal concept of *uti possidetis juris*, which has dominated post-colonial independent Africa's jurisprudence and international relations.

The Hargeisa government's supporters argue it is backed by an unusually healthy democracy, an administration that has delivered a better life for Somalilanders than the Republic of Somalia could offer, and by an unusually strong historical claim to self-determination.

Ophir strongly advocates these ideas, arguing that the government is well able to steward the territory's minerals potential for the common good. Stein said, "we're comfortable with what we're seeing in the move towards sovereignty."

### Ophir wants to tap it

Ophir came into Somaliland via Mvelaphanda's partner, UK-based Dr **Andrew Chakravarty**, whose wife is a well-

connected Somali. Chakravarty's *Rova Energy Corporation* took over onshore (Blocks 35 and 36) and offshore (M-10 and M-10A) blocks earlier licensed to Uri Lawrence Skolnik's Canadian-registered *Equitable Life Investment Company* and its US-based partner *Somapetroleum*.

The Chakravartys first met up with Sexwale in 1999 and they remain involved in his Somaliland operation, while Ophir now has a 75% stake in Rova, after options inherited from Mvelaphanda's earlier dealings with it were exercised.

According to Stein, the Berbera PSA "was an asset hanging around Mvelaphanda – we didn't have to exercise the option." It was included in the Mvelaphanda portfolio when the powerful BEE company opened negotiations with the former Fusion management to create Ophir.

Stein denies Ophir succeeded in Somaliland due to South African political manoeuvrings and the 'Tokyo factor'. "There are no big political conspiracy theories... Tokyo came across an opportunity and took a snap decision." When Ophir was created, "we took [the acreage] on technical merit."

Stein sees potential in this "continuation of the Yemeni Jurassic rift basins" – he has signed contracts to shoot 2D seismic later this year.

Separately, *TGS-NOPEC* plans a non-exclusive aeromagnetic survey over Somaliland and will also shoot some onshore seismic under a contract with the government (*AE 99/25*).

Before Somalia collapsed, *World Bank*-funded seismic work was conducted by *Harms & Brady Geological Consultants*. A payments dispute ensued and Ophir has been seeking to get its hands on this data. A copy is believed to be lodged with *Robertson Research* in North Wales.

**Range at home in Puntland**

If Somaliland's claims to sovereignty and autonomy over its subsoil resources are strong but hotly contested – Somali nationalists claim the Somaliland government is little more than an 'Ethiopian front' – Puntland's position seems weaker.

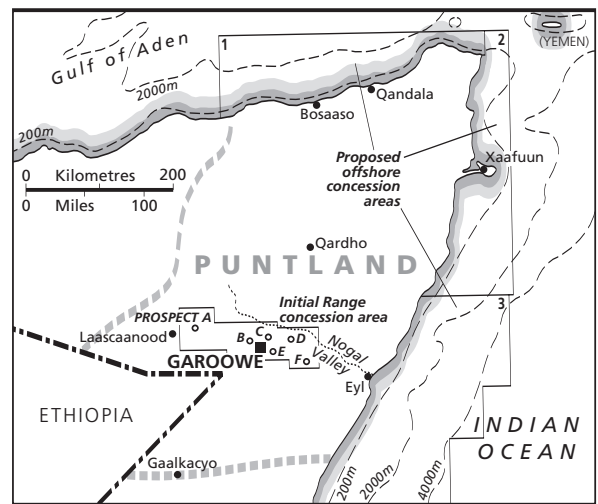
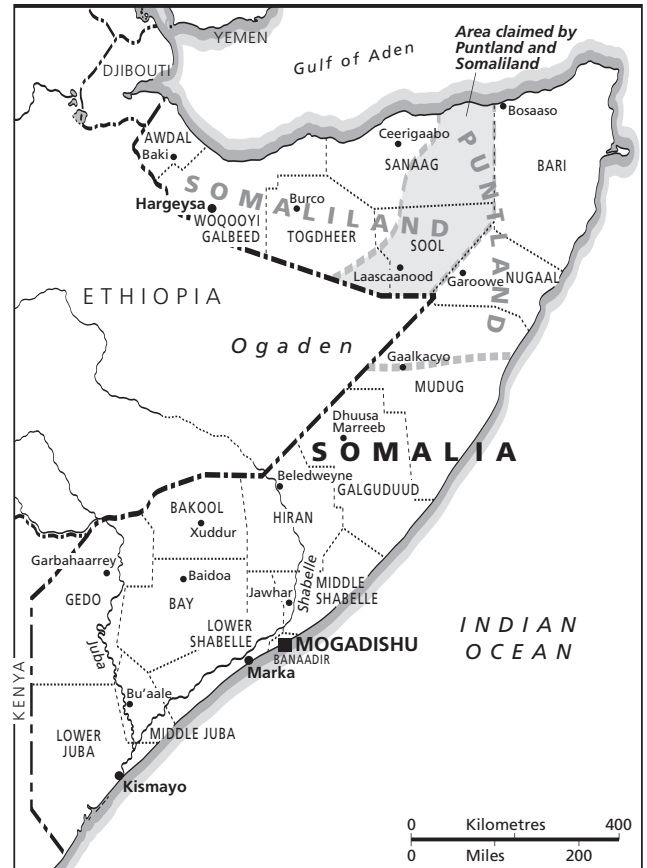
The Baidoa-based TFG, and other factions and clans want it to remain an integral part of the country.

When seeking to keep the TFG on board, the Puntland government has issued statements with wording that situates it as an integral, if autonomous, part of Somalia.

It shares and contests some borderland with Somaliland (as shown in *African Energy's Somalia's competing regions* map). Range Resources' chairman Mike Povey concedes that Puntland "would be stronger for a Somaliland link," but overall the political situation "has been stable for a decade", with an elected government and president. Puntland's political links are to the more southerly Somali world. Indeed, Povey observes that President **Mohamud Muse Hirse's** government in Garoowe is helping to prop up the TFG in Baidoa.

*Australian Stock Exchange*-listed miner Range came into this uncompromising environment on the back of an obscure *Maldives*-registered company called *Consort Private Ltd* – whose most prominent face (although not listed as a director by the Maldives Ministry of Trade and Industry's *Register of*

**Somalia's competing regions**



*Companies*) is lawyer **Anthony Black** – abetted by Western Australian charity worker and political activist **Terry Donnelly**, whose role remains somewhat obscure.

Hirse's government awarded Consort exclusive rights to exploit all of Puntland's subsoil resources in August 2005. In October, then Perth-based minerals exploration company Range (with mining projects also in **Peru** and Western

Australia) came in. Hirse said it beat off interest from “maybe more than 20 companies”.

In a classic minnow gambit, Range said it viewed Puntland as one of the last under-explored countries with “high potential for vast reserves of hydrocarbons”. It has since been seeking to persuade investors it has a bankable asset.

Speaking at length to *African Energy* in London on 19 June, Povey and company secretary **Peter Neil Landau** were keen to show that Puntland was a viable partner, that its geology suggested a highly prospective territory, and that its corporate governance and contractual arrangements were sound.

They insisted that their initial point of contact Donnelly had played only a peripheral role, putting people in touch with the opportunity back in Australia, having made a visit to deliver hospital equipment. “He had nothing to do with Consort – that was Tony Black,” Landau said.

With Povey now based in **Dubai** to handle logistics – Range, which earlier relocated from Perth to Melbourne, is moving its operations to the **United Arab Emirates** – and Landau is spending a period in London to help prepare for an AIM listing and find farm-in and other partners, the Range team were keen to emphasise that previous associates in the deal were pulling out – making Puntland a 100% Range play, until new investors, partners and IOCs come in.

A buy-out of Consort’s share is imminent. The technical services partner retained to show the territory’s prospectivity, **Ken Fellowes’** Dubai-based *Middle East Petroleum Services (MEPS)*, is also expected to be replaced, probably by a UK-based seismic firm and, hopefully, by a farm-in partner.

In February Range said Fellowes’ team was “firmly of the opinion that the company’s prospects in Puntland are directly analogous to the Yemen oil discoveries in the 1980s.” MEPS brought in veteran Yemeni oil man **Asker Ali Hussein Al-Thahir**, whose CV included encouraging *Hunt Oil’s* entry and heading the Sanaa government’s negotiations committees for oil concessions, negotiating 39 IOC permits.

### Building up an investment case

The Range team believe this helped to consolidate the Yemen link in investors’ minds. Adding to its attractions is the fact that IOCs were actively involved before Somalia collapsed. The Puntland and Somaliland regions were explored by *Conoco* (now *ConocoPhillips*), *Amoco* (now *BP*), and *Agip*, in Blocks 27, 28, 31, 32 and 35.

Range is focusing on the old Conoco Block 28, where well 28/A produced oil shows and Conoco was gearing up for a second well when force majeure was declared. Povey showed *African Energy* photos of the old well workings; rusting wellheads and Conoco’s seismic lines are still visible.

Conoco is no longer interested, he said – indeed, Povey saw no problems with companies which pulled out after declaring force majeure. These include **Swedish** indie *Lundin Petroleum* (whose operational overview no longer lists Somalia).

Povey says new 2D is needed. Range has been putting together what data remains from the ‘80s. “The Puntland

government had the right to [Conoco’s] data,” Povey said. Range had to track down the old Somali mining code to act as a basis for the new Puntland legislation. Soil sampling and other work is under way to feed into a new minerals data base.

Povey – who has a mining background – says Range is helping to set up a Puntland Mines Department.

There has already been IOC interest. On 21 April, Range entered into a letter of intent with *Korea National Oil Corporation (Knoc)* to take a 75% farm-in to former Blocks 28 and 29 for a \$10m sign-on fee and \$25m minimum two-year exploration investment. Further news is awaited.

When they talked to *African Energy* in June, Povey and Landau indicated that other companies would be involved. Market gossip says at least one AIM-listed indie is interested.

### Something for everyone

Range took over Consort’s concession, which gave it rights to 100% of Puntland territory, but Povey knows this deal as originally agreed is not sustainable. “We have a four-year deal, but we won’t go to the end of that – that’s why we pushed the government for a revised contract... we will give up exclusivity soon.”

The company will focus on target areas – it expects to retain concessions on around 100,000km<sup>2</sup> – while the rest of Puntland will be concessioned off by the government (which will retain Range as its consultant, according to Povey). Range’s 2005 contract was altered earlier this year – Povey says at its insistence – to include relinquishment. “We are better off pulling out before then, and helping evaluation for others.”

The move is expected to help overcome criticism that the Australians and Hirse had ‘carved up’ Puntland. Povey and Landau were both sensitive to criticism that has circulated on Somali expatriate websites – one of which, based in Manchester, Range has already taken action against.

Notable among these critics has been Australia-based exile **Ali Abdullah M Barkadle**, chief executive of the Victoria-based *Amsas Consulting* and linked to other IOCs.

The new concession proposals could allow the Range camp to overcome criticisms. Indeed, according to Amsas’ website: “In a closed door meeting [date not specified] between... President Hirse and... Dr Ali Abdullahi they came to the conclusion that new concession proposals will be passed to investors in the oil and gas sectors.” Amsas now sees a role for itself in these arrangements.

Somalia’s territories, competing clans and ‘governments’ continue to fashion new institutional arrangements where they can out of a very unpromising political situation.

With the UN and a range of powers deeply concerned at recent developments, and Somalia moving up the international news agenda for the first time in more than a decade, an already complex African tragedy is set to play out in ways that remain very difficult to predict.

## SOMALIA

### Tembo wants to sidestep auction

**The former Centric Energy boss is honing his strategy to acquire two licenses in Somalia courtesy of well-connected local figures.**

**Tembo Petroleum**, headed by **Alec Robinson** whose firm **Centric Energy** was bought out by **Africa Oil Corp** in 2011 has been displaying a strong interest in Somalia since early this year. And to avoid a licensing round scheduled to be staged in 2013 Tembo has imposed a hectic pace upon talks with the authorities of the *Transitional Federal Government* (TFG) who deal with energy.

Our sources in Mogadishu say Tembo Petroleum, working through its new marketing director **Ali Abdullahi**, has put in an offer to operate an onshore block and an offshore concession in the Jubbaland region on the border with Kenya, in southern Somalia. The port of Kismayo was captured early this year by Kenyan soldiers from members of the *Al Shabaab* Islamic militia.

The former president of Somali, **Sharif Sheikh Ahmed**, who met on several occasions with officials from Tembo, and particularly with Abdullahi, is said to have asked his successor **Hassan Sheikh Mohamud** to pay priority to Tembo's bid.

Robinson hopes to acquire the two blocks in direct negotiations so as to avoid possible competition in 2013 when rival oil companies could offer big signing bonuses.

Abdullahi is a well-known figure in Somalia. Dividing his time between Australia and Kenya, he heads the consulting firm **Amsas Consulting Pty**.

Through that firm he already owns 49% of the so-named Amsas permit in southern Somalia, with the government holding the remaining 51%.

Abdullahi, who is known to have major political ambitions, was oil adviser to a former prime minister of Somalia's TFG, **Abdullahi Yusuf Mohamed**.

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## Somali gas reserves understated – former govt adviser

**Jessica Hatcher**

14 November 2012 | 15:50 GMT

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Somalia could have reserves of more than 200 billion cubic feet (5.66 billion cubic metres) of natural gas, according to Ali Abdullahi, the chief executive of Amsas Consulting Somalia and a former Somali Government special adviser.

Abdullahi claims drilling in Somalia in the 1980s presented flawed results, leading to a gross understatement of reserves. "A letter written in 1998 by a petroleum engineer criticised the wells drilled – they were not in the right place," he said. Ali Naley, an expert in the region at the time, wrote that no consideration was given to numerous faults in the area: "We feel reinterpretation of the seismic sections will show different structures and the probability of finding a gas deposit still exists".

Somalia has long been thought to hold significant amounts of oil and gas. In 1966, the first well drilled in Afgoye 1 encountered gas flowing at a pressure of about 5,600 psi.

There are eight identified sedimentary basins across the three regions of Somalia, which include the de facto sovereign state of Somaliland, the semi-autonomous Puntland, and the Federal Republic of Somalia – commonly known as South-Central. These go as deep as 8,000 m, and it is believed there are more unmapped offshore.

As many as 14 companies have held contracts with previous governments, including Royal Dutch Shell and ExxonMobil. The key question for investors is how to go about securing new concessions – a question that remains unanswered. Keith Hill, president and chief executive of Africa Oil Corp. – which drilled two wells earlier this year in Puntland – told Interfax that it was necessary for them to make agreements with not only the Puntland government, but also with the government of Somaliland and the former Transitional Federal Government of Somalia, in order to drill. He described the president as "very supportive". "We feel fairly confident with the government in Puntland that we created a lot of good will."

Current good relations, he believes, may count for more than history when it comes to many of the decades-old agreements issued before civil war broke out in 1991, and it is unclear whether the licences now in force majeure will be reissued.

During the reign of Siad Barre, a notorious dictator in Somalia, many international majors held stakes in the country. In 1991, the year his government collapsed, the World Bank released the findings of a report on the geological hydrocarbons in eight sub-Saharan countries – and Somalia topped the list.

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