

No need to lament about the oil discovery in Namibia's Kavango Basin

By [NJ Ayuk](#)

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Six months ago, Canadian oil and gas company Reconnaissance Energy Africa (ReconAfrica) began exploratory drilling in the deep Kavango Basin of northeast Namibia and into northwest Botswana. The company holds a total licensed area of 8.5-million acres in the area, and it hoped to find massive reserves of conventional oil in this thick Permian sequence.



Source: supplied

In April, ReconAfrica released exciting preliminary data from its exploratory wells that confirmed an active petroleum system. According to Petro Online, “Analysts estimate the company could generate 120-billion barrels of petroleum on just 12% of this footprint, potentially outperforming the oil-rich Permian Basin in Texas if exploration continues.”

The giant onshore reserves of conventional oil and gas means that normal production processes wouldn’t require fracking or substantial water requirements — resulting in low per-barrel cost.

Since then, ReconAfrica has signed a petroleum agreement with the Namibian state oil company, Namcor, in which it now owns a 90% interest in the Kavango Basin, and latter the remaining 10% interest. Based on their commercial success, the agreement entitles ReconAfrica to a 25-year production license over any commercial discovery.

Opening the doors for jobs

For a region that has never produced a barrel, these developments could be huge, not only for RenconAfrica, but more importantly, for Namibia’s people. Exploration and production activities will open the door to thousands of well-paying jobs for Namibians, not to mention the opportunities for building local capacity and technology sharing that come with the presence of international oil companies.

ReconAfrica's success can help fight energy poverty through gas-to-power programmes and set Namibia on a better path. If commercial oil production in the Kavango Basin is as successful as projected, income trajectory has the potential to improve local communities and help establish the right kind of infrastructure for education, healthcare, and social services that will benefit everyone. The direct and indirect benefits will create jobs and entice entrepreneurship.

Additionally, as an Oilprice.com commentary points out, "The size of the potential upside for ReconAfrica, combined with the speed the company is executing its exploration program, means that this is not likely a scenario where investors are forced to wait for a potential payoff five years or more into the future. Positive drilling results could trigger an increase in share value — or potential partnership and acquisition news — at some point in 2021, probably making this a rare short-term opportunity with significant upside potential."

ABOUT NJ AYUK

Ayuk is founder and CEO of Centurion Law Group and the executive chair of the Africa Energy Chamber of Commerce (AEC).

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