

# Oil and gas is still big business in Africa

 By NJ Ayuk

4 Sep 2023

While the world urges businesses to stop using fossil fuels and reduce their carbon emissions for the sake of net zero, Africa remains a key destination for international oil companies (IOCs). Following the massive Namibian discoveries in 2022, 2023 has been another banner year for African exploration, with half a billion barrels of oil equivalent (bboe) in recoverable oil and gas reserves found around the continent to date.



Africa is still a top destination for oil and gas exploration. Source: Supplied

Namibia's Orange Basin continues to hold centre stage with Shell's July announcement that drilling for the Lesedi-1X, the company's fourth exploration well in the region, had reached completion and indicated the presence of hydrocarbons.

Through a partnership with Qatar Energy and Namcor — Namibia's national oil company — Shell plans to drill two more exploratory wells in Namibia before the year is out and has also received permission from the government to drill ten more exploration and appraisal wells in the future.



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Estimates set Shell's other recent discoveries at the nearby Graff, La Rona, and Jonker-1X wells in Namibia's Petroleum Exploration License (PEL) 39 at a total of 1.7 bboe.

These findings come in addition to discoveries made by France's Total Energies at its Venus well in PEL 56 that holds a total of 3 bboe, according to Barclays estimates.

## A continent brimming with discovery

While the sizeable discovery at the Jonker site alone — with estimates placing its recoverable reserves at roughly 285 million barrels — accounts for 57% of overall volumes discovered in 2023 so far, it is one of many, as well as the only offshore discovery. The numerous other African discoveries were all found onshore.

Sonatrach of Algeria brought 20% of the overall volume to the table with its six smaller-sized discoveries that the state-owned energy company announced in the first quarter of this year. With two wells each between Amguid, Berkine, and Ohanet in the East-Central, South, and Southwest regions of the country respectively, Algeria is seeing new production of oil, gas, and condensates, strengthening its role as an alternative energy supplier for Europe.

In May 2023, the Australian upstream oil and gas company, Invictus Energy, announced that a mud gas analysis of its maiden Mukuyu-1 well in the Cabora Bassa Basin in Zimbabwe confirmed the presence of light oil, gas condensate, and helium. As a result of these findings, Invictus will follow through in the third quarter of this year on drilling operations for its Mukuyu-2 appraisal well located 6.8km to the northeast of Mukuyu-1 with a planned depth of 3,700m.

Mukuyu-1 is a wildcat – a well drilled in a previously unexplored area or where the petroleum potential is an unknown. Across Africa, of the 16 exploration wells IOCs drilled in 2023, ten are wildcats.

Three drilling operations are underway at the time of this writing, and while plans are in place for as many as 66 more, operations will likely commence for roughly 17 over the next 18 months.

As we have documented in our Q2 report, new discoveries from oil and gas exploration practically encircle the continent. From the small finds like Sasol's Bonito-1 well in the PT5-C concession area of the Mozambique basin to Wintershall's ED-2X in Egypt and Tatneft's F1 discovery in Libya, Africa is proving itself as an emerging contender for the top supplier spot on the global petroleum market with a total discovered volume of oil and gas totaling nearly 500 MMboe in 2023 alone.

## An opportunity to balance disparity

While it is encouraging to witness this revival of oil and gas exploration in Africa — and to have our assertions confirmed that this continent represents the next frontier for the international energy majors — the AEC sees these developments as merely the start of what will have to amount to a massive upgrade for our own domestic petroleum industry.

As seismic and geological studies continuously corroborate our claims that Africa has enormous potential as a global energy supplier, local inefficiencies and a lack of infrastructure hinder this progress and stand in the way of international oil company (IOC) engagement.

To extract real prosperity from our fossil fuel resources, we must encourage the governments of every hydrocarbon-bearing African nation to create and maintain enabling business environments that attract foreign investment.

We must also implore the leaders of these countries to act quickly upon discovery of new oil fields and warn them against letting a proven find languish under a heap of unnecessary red tape.

There is no nuance about it — the oil industry represents income for Africans and advancement for Africa.

An increase in exploration equates to new African jobs and business opportunities, and successful exploratory ventures

attract further investment, leading to a rise in employment across many industries and accelerated economic growth for each host country.

And the benefits are not only financial or limited to only those with skin in the game. By extracting and refining our resources on a grander scale, we'll finally reach the kind of production levels that extend meaningful benefits to the African population.

Considering that more than 600 million Africans live without access to electricity, and 900 million make do without access to clean cooking fuel, expansion of our oil industry will inevitably slash our rates of energy poverty and lead to a widespread increase in quality of life.

The global transition to carbon-free energy, spurred on by human ingenuity, is inevitable. We acknowledge that one day humanity will have no need to engage with fossil fuels or tolerate their negative impacts. We believe that the planet will eventually get to such a state, but we also feel that we're more realistic than some regarding how long that evolution will take to set in fully.

This transition will also require massive funding from every country undertaking it. The AEC's stance is that if we can secure foreign investment in our oil industry today, Africa will develop the funding to back its own transition tomorrow, rather than waiting patiently for subsidies and handouts once the rest of the world deems them feasible.

As we wait for zero-emission and renewable energy technology to mature to its full potential, the developed world must afford the chance for Africa to reach its own.

Increased exploration, wise investments, welcoming dispositions, and attractive economic policies are but the first few steps of that journey.

## ABOUT NJ AYUK

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