



THE REPUBLIC OF UGANDA

## MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

### UGANDA'S SECOND OIL AND GAS LICENSING ROUND

*The country's second oil and gas licensing round for the exploration of five blocks in the Albertine Graben – Uganda – aims to increase international investment into Uganda's oil rich energy sector, with government expecting to sign Production Sharing Agreements and issue exploration licenses to successful firms by December 2020.*



*Mr. Frank Mugisha, Manager Second Licensing Round*

#### **Why is Uganda conducting a second licensing round for oil and gas exploration blocks?**

The second licensing round is driven by factors including the establishment of additional petroleum resources and reserves, the current high price of crude oil, interest in investing in the country's oil and gas sector, a conducive investment climate and minimal geological and commercial risk.

The increase in the current resource base will ensure that the expensive infrastructure, such as our refinery and crude export pipeline, are economically sustained for a reasonably very long time.

The licensing of acreages during the uptick in crude oil prices period is aimed at attracting a large spectrum of oil companies including moderate to big ones which in turn enable Government to achieve competitive commercial terms.

The attractive oil price has also guided numerous investors into expressing interest in investing in the sector and it is important and beneficial that government responds to these interests before the investors consider investing the high-risk capital in other countries.

The country has a robust and comprehensive legal, regulatory and institutional framework. In addition, there is political stability throughout the country. These are major facets driving investors' appetite to come to Uganda and invest their risk capital into exploration and development.

Most areas of the Albertine Graben, especially those that were earlier licensed and those which are neighboring the proven commercial fields, have been greatly de-risked in terms of geological, market, transportation and infrastructure risks.

Another reason we have decided to launch a second licensing round is promotion on national content. The exploration licensing is envisaged to create several opportunities not limited to national participation through service provision and jobs.

### **How many production licenses does the country currently have and how have they aided energy and mineral development in Uganda?**

Government has, to date, awarded nine production licenses. Specifically, one Petroleum Production License (PL) over the Kingfisher field to China National Offshore Oil Corporation (CNOOC), in 2012; five PLs over Mputa-Nzizi-Waraga, Kasamene-Wahrindi, Kigogole-Ngara, Nsoga, Ngege fields to Tullow Uganda Operations in 2016 and three PLs over Ngiri, Jobi-Rii and Gunya fields to Total E&P Uganda in 2016.

The confirmation of commercial oil reserves in the country and the PLs are the basis for the planned development, production and commercialization of oil and gas and the ongoing infrastructure developments such as roads, Kabaale International Airport and industrial parks.

### **Uganda first discovered oil in 2006 in the Albertine rift basin, how would you describe the progress that has been made since the discovery?**

Following the first commercial discovery of petroleum in Uganda in 2006, government considered putting swift measures in place to address comprehensive and efficient aspects of exploration, development, production and commercialization of the country's oil and gas resources.

These strategies included enacting the National Oil and Gas Policy in 2008, formulation of the petroleum upstream and midstream laws in 2013 and attendant regulations in 2016, and formation of the Petroleum Authority of Uganda to regulate the different players in the sub sector and Uganda National Oil Company to handle commercial interests of the state and state participation in 2016.

Based on approximately 1.4 billion barrels of recoverable oil and 500 billion cubic feet of gas resources, the country issued production licenses to licensed companies and is now proceeding to development, production and commercialization of the oil and gas resources. Specifically, development and production are to be taken through two separate projects – the Tilenga project in Buliisa and Nwoya Districts, together with the Kingfisher Project in Hoima and Kikuube Districts. While the commercialization through an in-country refinery with a capacity of up to 60,000 bpd and East African Crude Oil Pipeline with capacity of up to 180,000 bpd are concurrently being developed to receive first oil by 2022/23.

In order to increase the country's resource base for sustainable and viable petroleum production, government has commenced exploration of frontier basins starting with the Moroto-Kadam basin. The preliminary results indicate existence of a conducive petroleum system and manifestation of oil shows through oil seepages.

### **Compared to other African countries how is Uganda's oil and gas industry performing?**

Uganda's oil and gas industries are performing excellently to date. Uganda has proven to be the best country to invest in regarding exploration for oil and gas, as shown by the high exploration success of 88 percent so far registered by International Oil Companies previously and currently active in Uganda. This includes Heritage Oil Gas, Tullow, Total, and CNOOC.

### **This licensing round is Uganda's chance to strengthen relationships with existing investors, what message do you have for potential investors?**

Uganda is an extremely stable country that strongly encourages and protects investments by international companies by ensuring a good working relationship with its investors and attending to any emerging issues by the investors in a timely manner. It believes in a win-win philosophy and clear and robust frameworks are in place to address any issues that would affect the operations of the investors. This includes regular presidential round table meetings with investors coordinated by the Prime Minister and Chaired by the President purposely to ensure timely implementation of the sector activities by proactively addressing any emerging issues.

The second licensing round comprises of five prolific blocks and government invites participants to take part in this process. The five blocks are:

- (i) LR2\_2019\_Block01 (Avivi) covering 1026km<sup>2</sup>
- (ii) LR2\_2019\_Block02 (Omuka) covering 750km<sup>2</sup>
- (iii) LR2\_2019\_Block03 (Kasuruban) 1285km<sup>2</sup>
- (iv) LR2\_2019\_Block04 (Turaco) covering 637km<sup>2</sup>
- (v) LR2\_2019\_Block05 (Ngaji) covering 1230km<sup>2</sup>

All the blocks have seismic data coverage from past exploration. Technical analysis indicates that each of the blocks has positive net present value.

The five blocks are available to potential applicants after going through the prequalification stage successfully. Entry into the prequalification stage is subject to prior payment of a non-refundable application fees of \$20,000. Upon the payment, the RfQ document can then be picked at:

Petroleum Exploration, Development and Production Department in Entebbe or delivered through an email by the Manager, Second Licensing Round. The payment of the Application fee shall be made to the following bank account:

*Account Name: Uganda Petroleum Fund*  
*Bank Name: Bank of Uganda*  
*Account Title: Uganda Petroleum Fund – USD*  
*Account No: 003300328400010*  
*Swift Code: UGBAUGKA*

Sealed applications for qualifications must be delivered to the address below at or before September, 20, 2019 at 10:00 am local time to:

*The Permanent Secretary,*  
*Ministry of Energy and Mineral Development*  
***Attn: The Manager, Second Licensing Round***  
*Petroleum Exploration, Development and Production Department*  
*Plot 21 – 29 Johnstone Road*  
*P.O.B ox 9 Entebbe, Uganda*  
*Email: secondlicensing@petroleum.go.ug*  
*Website: www.petroleum.go.ug*