

Total goes ahead with new Nigerian well

PARIS, FRANCE: French oil giant Total says it will start work on an oil field off the coast of Nigeria, in a rare expansion by a multinational company. Other companies are increasingly parting with assets in Africa's biggest crude producer.



Discovered in 2003, the Egina oil field lies 200km off Port Harcourt, Nigeria's oil industry hub, and 20 km from another Total field that is part of the same exploitation block.

The block, known as OML 130, is 24% owned by Total, with the rest split between Nigerian groups NNPC and Sapetro, China's CNOOC and Petrobras of Brazil.

Total said the well lay 1,600m underwater and would begin pumping up to 200,000 barrels at the end of 2017.

While the move has been in the works for a long time, its go-ahead bucks current trends by other multinationals that have been getting rid of assets.

Such sales have come amid uncertainty in the country's oil industry, after a sweeping overhaul of regulations, royalties and taxes. The legislation has been delayed for years and is still stuck in Nigeria's parliament.

Oil theft and sabotage onshore have had a major impact on production and firms such as Shell, the country's biggest producer, have increasingly shifted their focus offshore, where the risks of such incidents are lower.

Recent moves include US-based Chevron's announcement earlier this month that it was selling its interest in at least two Nigerian oil blocks.

In November, Total announced the sale of its 20% stake in another Nigerian offshore block to China's Sinopec for US\$2.5bn.

Meanwhile in December, Nigerian firm Oando announced the purchase of ConocoPhillips' interests in the country.

Despite those moves however, multinationals continue to have a major presence in Nigeria, where the country's 37bn barrels in reserves are making it difficult for oil companies to abandon.

Nigeria's oil production dropped to 1.96m barrels per day in May, a six-month low, according to the International Energy Agency.

The agency said theft-related damage to pipelines continued to curb production.

Source: AFP via I-Net Bridge

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