



## **MINISTRY OF MINES AND ENERGY**

**MINISTERIAL BRIEFING STATEMENT BY HONOURABLE ISAK  
KATALI, MINISTER OF MINES AND ENERGY ON THE  
PETROLEUM EXPLORATION ACTIVITIES DURING 2011 / 2012 IN  
PARLIAMENT ON THE 06 JULY 2011**

After so many years of intensive data acquisition in Namibia, the oil and gas exploration operations have reached a stage where information available has enabled the location of drillable targets. This ladies and gentlemen means that the Ministry of Mines and Energy has to prepare itself for rigorous drilling activities in the oil and gas exploration sector starting November 2011. The pace at which the exploration activities are taking place is really commendable.

Following below is a brief summary of the exploration activities that will be undertaken during the 2011/2012.

Enigma Oil and Gas, a company owned by Chariot Oil and Gas, has identified 5 prospects in its Northern blocks 1811A & B (PEL 014) after acquiring 1,500km<sup>2</sup> of 3D seismic data last year. It has contracted Senenergy GB Ltd to design a first well to test one of these prospects, in the Tapir area, which lies in a 2100m water depth. Target reservoirs range in depth from 3900m to 4800m and most likely reserves, in the event of success, are estimated to be nearly **500 million barrels**. Enigma is currently actively seeking a deepwater rig to drill this well during the fourth quarter of 2011. Enigma expects to find oil (rather than gas) and would develop a discovery through an FPSO (floating production, storage and offloading) vessel on a fast track basis with first

production planned for 2015/16. Currently Enigma holds 100% equity in the blocks but is seeking industry partners to share the well cost/risk in this venture.

In Southern block 2714A (PEL 020) Enigma has identified 11 prospects as a result of acquiring 3000km<sup>2</sup> of 3D seismic data. The largest of these is the Nimrod prospect which lies in 350m water depth. Target reservoirs range in depth from 2550m to 3000m and most likely reserves, in the event of success, are estimated to be greater than **4 billion barrels**. Enigma expects to find oil (rather than gas) and would develop a discovery through an FPSO (floating production, storage and offloading) vessel on a fast track basis with first production planned for 2015/16. Currently Enigma holds 50% equity in the block with Petrobras as its partner.

The Brazilian company HRT Oil & Gas Ltd. has converted into one of the most fast growing company operating in the west coast of Africa. HRT has managed to raise about US\$1.3 billion from the Brazilian stock market, of which US\$ 300million is earmarked for oil and gas exploration in Namibia. It's commitment in Namibia is strongly focused on discovery not only gas but also liquid hydrocarbons. To date HRT Oil & Gas Ltd. has conducted step by step critical geological and geophysical studies, allowing them to

demonstrate the existence of at least two active petroleum systems which can generate and favour the trapping of liquid hydrocarbons in commercial quantities. This finding could turn offshore Namibia into a great producer of oil and gas in a short period of time.

Based on the existing 2D and 3D seismic information the company certified in its blocks about **5.2 billion barrels** of potential hydrocarbon resources, in a great volume of leads and prospects which will be studied further with 3D seismic information during this year to make them drillable by 2012 and 2013. The company also conducted 3D Petroleum Systems Modeling, showing very encouraging results, ratifying in this way the great oil and gas potential in the acreage.

HRT Oil & Gas Ltd after merging with UNX Energy will eventually be responsible for acquiring about 9,900 km<sup>2</sup> of 3D seismic lines over the main prospective areas, which is the largest 3D seismic campaign never ever before carried out in offshore Namibia and probably in West African continental margin by a single operator.

After the processing and interpretation of the new 3D seismic information, the company will drill a series of 3 to 4 wells in 2012 – 2013, that could lead to a new discovery in offshore Namibia.

Arcadia Expro Namibia (PTY) Ltd (AEN), and Tower Resources PLC (Tower), through its affiliate Neptune Petroleum (Namibia) Ltd, are the joint venture interest holders of License 0010 offshore Namibia.

Arcadia, as operator and holder of an 85% interest in the License, is in the process of a farmout campaign as a precursor to undertaking a drilling campaign as soon as possible.

License 0010 incorporates the offshore Walvis Ridge high 200 Km from the Skeleton Coast, located between the Walvis and Namibe Basins. The exploration focus is a large regional four-way closure, comprising four large anticlinal structures and a number of associated stratigraphic plays. Following reprocessing of existing seismic data, acquisition and interpretation of its proprietary 2D and 3D surveys, AEN, in consultation with Tower, has matured a drill ready prospect in Delta, which is an anticlinal structure of huge dimensions.

Prospect Delta is prognosed to contain recoverable resources of up to **2 Billion barrels** of oil / oil equivalent with further significant upside possible. Subject to a successful farm out, AEN intends to contract a suitable unit to sink an exploration well on this prospect in 2012. This well will be drilled in approximately 1,100m water depth to a target depth of approximately 2,500m below mudline.

The well's main intention is to also test the potential in up to four further stacked reservoirs in the same location.

Subject to the results of this exploration well and as the structure is very large it is planned to maintain an option to drill a second well on Delta to better understand the results of the initial well and / or to commence appraisal of a discovery, if appropriate.

It is not often that a single exploration well offers the chance to target a prospect of such magnitude and with so much added potential upside as does a well on Prospect Delta in License 0010. This is truly a World-class frontier exploration opportunity.

Currently Namibia host a total of 9140km<sup>2</sup> of 3D seismic data and before the end of the year 2011 an addition of 9900km<sup>2</sup> 3D seismic data will be added to this impressive volume of data. This means that more prospect of both structural and stratigraphic trapping mechanism will be identified. There is now a great chance of success as the more data the country has the greater its chance of accurate drilling and consequently the opportunities for discovery are increased tremendously. We also expect to see the return of international majors whom we will announce later, back to Namibia which will further improve the image of the country as a new petroleum exploration destination.

In conclusion, we are expecting 6-8 wells to be drilled in Namibia in the next 18 months. This high number of wells is the biggest in the exploration history of Namibia over such a period of time, with the whole country currently only having a total of 14 wells, of which 8 are all concentrated in the Kudu Gas Field. This clearly shows that Namibia has been under explored. Once there are discoveries in these upcoming wells, the projects will proceed into appraisal phase in order to establish the extent and distribution of the discovered oil and gas resource. During this the exact volume of recoverable oil & gas reserve in place will be determined. Once the reserve volumetric has been quantified then the projects will proceed into field development stage and consequently after the field development scenarios have been established, then the country will proceed into production phase. The time frame from the discovery of the resource to the production stage takes at least a minimum of 4 years.

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