

East Africa is Next Hot Oil Zone

By [Global Research](#)

Global Research, March 11, 2010

[UPI](#) 10 March 2010

Region: [sub-Saharan Africa](#)

Theme: [Oil and Energy](#)

NAIROBI, Kenya, March 10 (UPI) — East Africa is emerging as the next oil boom following a big strike in Uganda's Lake Albert Basin. Other oil and natural gas reserves have been found in Tanzania and Mozambique and exploration is under way in Ethiopia and even war-torn Somalia.

The region, until recently largely ignored by the energy industry, is "the last real high-potential area in the world that hasn't been fully explored," says Richard Schmitt, chief executive officer of Dubai's Black Marlin Energy, which is prospecting in East Africa.

The discovery at Lake Albert, in the center of Africa between Uganda and the Democratic Republic of [Congo](#), is estimated to contain the equivalent of several billion barrels of oil. It is likely to be the biggest onshore field found south of the Sahara Desert in two decades.

Tullow Oil, the British exploration company backed by a \$1.4 billion loan from the Royal Bank of Scotland, says its Ngassa field in Uganda may be the biggest find in the Lake Albert Basin to date with up to 600 million barrels.

Tullow has discovered reserves equivalent to around 2 billion barrels of oil in Uganda in the last four years. Most of the initial finds in East Africa were made by independent wildcatters like Tullow and another British firm, Heritage Oil, run by former mercenary Tony Buckingham.

Now the majors are moving in. Heritage recently sold its 50 percent share in two Lake Albert Basin fields to Eni of Italy for \$1.5 billion.

Eni said the two blocks have the potential to produce 1 billion barrels and is fighting it out with Tullow for control of the reserves on the Ugandan side of Lake Albert.

The Italian company is busy expanding in sub-Saharan Africa and has interests in Angola, Nigeria, Gabon, Mozambique and the Republic of Congo.

The Ugandan government is negotiating with several majors with the financial clout to handle the enormous investment required to develop these emerging fields.

Front-runners reportedly include [China's](#) state-run CNOOC, Total of France and Exxon Mobil of the United States.

Andarko Petroleum Corp. of Texas says it has hit a giant natural gas field off the coast of Mozambique, a former Portuguese colony that became independent in 1975. Norway's Statoil is drilling in Mozambique's Rovuma Basin.

Since the 2006 find at Lake Albert, one of the Great Lakes of Africa strung out along the Great Rift Valley, there have been at least 15 confirmed major strikes in the region.

The [Indian Ocean](#) island of Madagascar contains “enormous reserves,” according to Tiziana Luzzi-Arbouille of IHS Global Insight consultancy of London.

“What happened in Uganda made it easier for smaller companies to raise funding,” said Tewodros Ashenafi, head of Southwest Energy, an Ethiopian company exploring in the Ogaden Basin in the east of the country.

This is a vast 135,000-square-mile territory in landlocked Ethiopia that is believed to contain sizable reserves of oil. It is estimated to hold 4 trillion cubic feet of natural gas as well.

Malaysia’s Petronas, which recently acquired major blocks in Iraq, signed an exploration agreement with Addis Ababa in August 2007.

The main problem for the oil industry is that the Ogaden, like many parts of Africa, is a conflict zone, as it has been pretty much since the Cold War in the 1970s. This is one reason why exploration has been so tardy.

Separatist rebels of the Ogaden National Liberation Front have warned oil companies to keep away and in April 2007 attacked a Chinese exploration group, killing 74 people.

Petronas is also exploring in the Gambella Basin of western Ethiopia.

Somalia has been torn by wars between feuding militias and clans since dictator Siad Barre was toppled in 1991 but it is also considered to hold considerable oil reserves.

A 1993 study by Petroconsultants of Geneva concluded that Somalia has two of the most potentially interesting hydrocarbon-yielding basins in the entire region — one in the central Mudugh region, the other in the Gulf of Aden.

That was one of 10 such basins across Somalia, southeast Ethiopia and northeast Kenya.

More recent analyses indicate that Somalia could have reserves of up to 10 billion barrels.

But exploration remains an extremely hazardous undertaking. And it’s likely to become more so as the country becomes a major focus for U.S. counter-terrorism operations against al-Qaida and its affiliates who are dug in there.

The original source of this article is [UPI](#)
Copyright © [Global Research](#), [UPI](#), 2010

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Global Research](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca