



Tower Resources, “Enigma expects to find oil rather than gas; the first production could begin as early as 2015,” Katali added.

By [stocktalk](#)

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The country has recently seen a surge in farm-in deals, possibly signaling a positive oil outlook.

Following the government’s announcement of the first oil discovery offshore Namibia about a year ago, major oil companies have renewed interest in the country with hopes of finding oil in commercial quantities.

After intensive exploratory drilling, Brazilian oil and gas company High Resolution Technology (HRT) and local businessman Knowledge Katti struck oil from the Wingat-1 well in the Walvis Basin off the central coast of Namibia. HRT described the find as “promising signs.” Drilling of the well will continue, as HRT said in its drilling results that it found two well-developed oil source rocks and several reservoirs saturated with oil.

Although the find was not commercially viable, it raised hopes that Namibia could become the latest southern country in Africa to strike oil reserves.

Namibia, which has largely been overlooked by the big oil companies, has in the last six months signed a series of farm-in agreements, signaling the oil outlook in Namibia is changing and companies want to be part of an oil boom that could be around the corner. With concessions in Namibia’s Atlantic offshore, companies such as Shell, Repsol, Petrobras, Tullow, Eco Atlantic Oil & Gas and Murphy Oil hope they will strike oil.

Shell has taken over exploration blocks 2913A and 2914B in Namibia’s offshore Orange Basin from Signet Petroleum, and has plans to drill there. Shell had previously carried out exploration work around the Kudu gas field in the Orange Basin but it dropped out in 2002.

Namibia’s Mines and Energy Minister Isak Katali said “the Ministry of Mines and

Energy is very excited about the interest shown by a super-major such as Shell Exploration and Production.”

Canada’s Eco Atlantic Gas & Oil, which has listed on the Namibian Stock Exchange, is looking for oil in Namibia by acquiring, analyzing and interpreting 3-D seismic data, Eco President and CEO Gil Hozman said.

Immanuel Mulunga, Namibia’s petroleum commissioner, has indicated that Repsol, Spain’s biggest oil producer, will drill its first oil well in Namibia in April 2014 after acquiring a 44% stake in offshore license 0010 in 2012. The acreage comprises three adjacent blocks in the Walvis Basin. It plans to drill its first Namibian well alongside partners Arcadia Petroleum and Tower Resources, which said the Rowan Renaissance drillship arrived at the Walvis Bay in March 2014 and will be used at the Repsol-operated Welwitschia-1 well.

“It is a tremendous risk they are taking and one that raises hope for us,” Mulunga said. “It is a risk worth undertaking as we believe this block has oil.”

Oil experts believe that there is great hope for oil exploration offshore Namibia because of the view that the country and Brazil were once joined. They, therefore, believe that Namibia’s offshore basins are likely to be similar to Brazil’s Campos and Santos basins, which have proved to be rich in hydrocarbon resources.

“The fact that Brazil and Africa were once joined years ago gives us that expectation,” Mulunga said. He added, “On the African side there are oil discoveries in Angola and Gabon, and we expect there is oil in Namibia’s part of the West African margin.”

Chariot Oil & Gas is also prospecting for oil in Namibia. It was one of the first oil and gas explorers to secure its license areas offshore Namibia. As a result of this early entrance, Chariot holds a significant acreage position totaling about 33,000 sq km (12,741 sq miles). Its four licenses are strategically located across three geologically distinct basins—the Northern Blocks in the Namibe Basin north of the Walvis Bridge, the Central Blocks straddling the Luderitz/Walvis Basins and the Southern Blocks in the Orange Basin. The company said it has drilled five wells in the deepwater, and while “there has been no commercial discovery, these have proved that all the components needed for a working petroleum system are present.”

In addition, Enigma Oil & Gas has identified 11 prospects along the southern coast of Namibia. “The largest of these, the Nimrod prospect in 350 m (1,150 ft) depth, and most

likely reserves in the event of success are estimated to be greater than 4 billion barrels,” Katali told Parliament in Namibia.

“Enigma expects to find oil rather than gas; the first production could begin as early as 2015,” Katali added.

Austria’s OMV and U.S.-based Murphy Oil Corp. are the latest companies to enter the Namibian oil and gas industry. Mulunga said the deal with the two companies involve block 2613 A&B and has been approved by Katali. The Brazilian exploration company, Cowan, which currently holds 85% interest in the blocks, will farm out 45% to Murphy and 20% to OMV, while it retains 20%. Murphy, according to Namibian government officials, will be the new operator of the block while state-owned National Petroleum Corporation of Namibia (NAMCOR) will retain its 15% interest.

“Offshore Namibia offers great exploration potential as it is largely unexplored, yet it has the elements of an effective hydrocarbon system,” Jaap Huijskes, OVM’s executive board member responsible for E&P, said in an April 2014 Financial Times report.

There are four frontier Namibia basins of interest to explorers: Namibe, Walvis, Luderitz and Orange. Seismic data is being collected in each.

“International oil companies still have faith in Namibia’s oil potential. They also believe we are doing a good job in terms of regulating the industry,” Mulunga added.

The Ministry of Mines and Energy follows an open licensing system for exploration licenses adopted in 1999; however, with about 46 exploration licenses already issued, the government is considering closing the open licensing.

Mulunga said Namibia may revert to auctioning oil and gas exploration blocks because “it will give the government better terms than the open licensing system.”

Namibia adopted an open licensing system after an auction in 1998 failed to attract investors. But Mulunga said a decision has not been made on whether to return to the auction system.

The ministry has announced the conclusion of an offshore Namibia study that identified the potential for some 44 Bbbl of oil in areas where companies have leases. Namibia’s largest commercial hydrocarbon discovery is the Kudu gas field in the Orange Basin. The giant field was discovered in 1974 with proven reserves of 37 Bcm (1.3 Tcf) of gas.

NAMCOR believes the amount may be as high as 566 Bcm (20 Tcf), with gas production expected to start in 2015.

Confirmed reserves in the Kudu gas field have led license holders to commission a study for an 800-megawatt, gas-fired power station in Oranjemund onshore Namibia and large-scale gas export to South Africa.

[HRT Participacoes em Petroleo SA](#) is expecting results this week from a well off [Namibia](#)'s Skeleton Coast that may revive interest in oil exploration after two failures last year in the southwest African nation.

The Wingat-1 well, in an area where shipwrecks line the coast, is expected to be finished at a depth of about 4,200 meters (13,800 feet) by the end of this week, HRT Chief Executive Officer Marcio Mello said in an e-mail. The well is being drilled by Transocean Ltd.'s semi-submersible Transocean Marianas rig.

BP Plc, [Chariot Oil & Gas Ltd. \(CHAR\)](#) and [Repsol SA \(REP\)](#) all have stakes in offshore blocks in Namibia. The explorers are betting west Africa's coastal shelf may mirror [Brazil](#) across the Atlantic, and that Namibia will yield major finds like neighboring [Angola](#).

“A successful oil well in Namibia would be very positive for all companies involved in Namibia as there is considerable skepticism over the oil potential,” Anish Kapadia, a senior research analyst for Tudor, Pickering, Holt & Co. International, said by e-mail. “Most believe it is gassy.”
