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PetroSA Considering \$1 Billion Natural Gas Project

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(Updates with PetroSA comment from third paragraph.)

Sept. 28 (Bloomberg) — PetroSA Ltd., South Africa's state-owned oil and gas company, is considering investing about \$1 billion in developing a natural gas field off the country's south coast, a company official said.

The field may contain 1 trillion cubic feet of gas and would be used to supply PetroSA's gas-to-liquid plant at Mossel Bay, about 390 kilometers (244 miles) east of Cape Town, said Sandro Borean, head of PetroSA's southern African upstream operations. The field is situated about 40 kilometers from Cape Town-based PetroSA's other offshore gas deposits.

"The current fields are depleting and there's a scramble on to get more gas to the plant," Borean told the Africa Energy Week conference in Cape Town today. Development of the new field "has been approved by the board recently. We anticipate first gas in the first quarter of 2013. We're currently going out to tender for drilling rigs and other long-lead items."

PetroSA's Mossel Bay fuel plant can produce the equivalent of about 45,000 barrels of oil a day, making it the smallest of South Africa's six refineries, according to the South African Petroleum Industry Association. The company has been studying a \$9 billion, 400,000-barrel-a-day oil refinery in South Africa's Eastern Cape province for about three years.

Separately, PetroSA, BHP Billiton Ltd. and Sasol Ltd. were jointly awarded exploration rights to two blocks off the South African coast earlier this month, Borean said.

PetroSA is also "very bullish about discovering oil" in another block it's been studying since July and is discussing the possibility of developing shale gas projects in the Central Karoo basin, he said.