

Namibia looks to awaken Kudu field development

Cape Town, South Africa—The Namibian government is willing to sell natural gas from the offshore Kudu field exclusively to South Africa if it helps move the dormant project forward, a Namibian Energy Ministry official said July 8. The Ministry's Petroleum Commissioner, Immanuel Mulunga, said the partners in the Kudu gas field, led by the UK's Tullow Oil, have come up with new approaches for developing the gas from the field. "We are willing in Namibia to make sure that gas flows at any cost, even if means that the gas is sold exclusively to South Africa," Mulunga said. Development of the field, which was discovered in 1974 and has confirmed reserves of 1.4 Tcf, has been hampered by upstream partners quitting the project and South Africa's state-utility Eksom's decision to pull out twice. "It has almost become an embarrassment for the government as it still has not been developed, but now we see more serious options," Mulunga told delegates at the CWCorganized energy conference in Cape Town. Namibia's Oil Minister, Erkki Nghimtina, said recently that permission for the multibillion-dollar development of the field could be granted in the first quarter of next year, followed with production by March 2013, if the scheme's partners can agree on an affordable gas price. Mulunga said on the sidelines of the conference that Namibia is targeting 2013 for first gas production. If Tullow and local utility Nampower are unable to agree on a price, the minister said the Namibian government should take the decision to develop the field itself. Nghimtina said the compressed natural gas (CNG) development option for the project— which is expected to cost nearly \$1.8 billion—will be presented by state utility Nampower and Gigajoule, the main gas buyer in South Africa, by the end of the month. Hopefully, the upstream partners—Tullow (70%), Itochu (20%), and Nampower (10%)— will follow in July with the signing of an agreement and the submission of the revised development plan, he said. The revised plan, which replaced a proposal to pipe gas to South Africa for power generation, will deploy CNG technology and vessels for transporting gas from the Kudu field to the industrial gas market in South Africa's Western Cape, and to a gas-fired power station in Walvis Bay, Namibia. Once an agreement has been signed and a MOU reached with Gigajoule, the parties will then have to apply to the country's energy minister for a 25-year production license. After this, Tullow will undertake a six-month front-end engineering and design study. Only then can the partners start to negotiate commercial agreements, the minister said, adding that a final investment decision was likely in the first quarter of 2010.—*Jacinta Moran*