

Islamic Republic of Mauritania

Honour - Fraternity – Justice

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Ministry of Energy and Petroleum

The Minister's Presentation For The Forum on "Oil and Gas in EMERGING /FRONTIER REGIONS" Organized by The Corporate Council for Africa

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MINISTER OF ENERGY AND PETROLEUM

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**Mr President
Honourable guests,
Ladies and gentlemen.**

It is a great honour to be among you today, to present the situation of a sector as important and as promising for my country as hydrocarbons.

I will start by reviewing the socio-economic and political situation before speaking of the geological context of Mauritania. This will give a more detailed overview of the present situation of the exploration and the development of hydrocarbons and its outlook.

Review of the economic and socio-political situation

Since the independence of Mauritania in 1960, the economic and social development has focused on the enhancement and exploitation of its natural resources (mining, fishing, breeding and agriculture). Small and medium enterprises began forming in the 80s and continue to survive in an environment marked by tough competition and globalisation.

The service industry started much more recent and remains less developed. In the next few years and particularly in 2006, the production of crude oil is going to reinforce, and give new life to economic and social development of the country. This new pole of industrial activity and generator of important financial resources, should improve, with no doubt, the national economy and will lead to its diversification.

Mauritania just had a fundamental change on August 3rd, 2005 with the arrival of the military council for justice and democracy, under the direction of Colonel Ely O/ Mohamed Vall. The main objectives of the military council for justice and democracy for the next 19 months of transition are:

- ✓ To build a vertible state guaranteeing free and transparent elections;
- ✓ To put an independent justice system in place
- ✓ To create the necessary setting for good governance.

The Military Council for justice and democracy is committed to respect all treaties and international conventions ratified by Mauritania.

This is an opportunity for me to remind you that Mauritania has adhered to the Initiative for the Transparency in industry Extractives (ITIE), for good management and better transparency in the management of its natural resources. It is in this framework that the state created a National Oil Company "Mauritanian Company for Hydrocarbons" (SMH) that will have large prerogatives in the management of Mauritania Petroleum resources.

Location, geological context of Mauritania

Mauritania is a bridge between West Africa and North Africa with an area of more than one million square kilometres and a population of about 3 million inhabitants.

From a geological point of view, Mauritania has two sedimentary basins with a coast 100 kilometres long : the coastal sedimentary basin and The sedimentary basin of Taoudeni which covers about half of the country's total area, or about 500.000 square kilometres.

In these sedimentary basins intensive hydrocarbons exploration has taken place over the last few years.

Hydrocarbons Exploration and Development in Mauritania, Current situation and Perspectives

We will focus on the following

- **The situation of the Exploration into the two sedimentary basins including their Oil and gas Potential**
- **Institutional and legal framework**

1-The situation of the exploration in the two sedimentary basins

The sedimentary basins mentioned above constitutes geological units favourable to hydrocarbons accumulation. These basins are under-explored despite evaluations done in 1980, 1985 and 1994.

Due to the importance of these basins, exploration and research activities have been intensified over the last few years.

1.a- The Coastal Basin

The surface of the basin is about 180.000 Square km. More than 100.000 square km of it is offshore. Oil exploration began in 1960 by the African Petroleum Company (SAP) and PETROPAR.

Over the last few years, intensive hydrocarbons exploration was carried out in the Mauritanian coastal basin. This is a result of the presence of Oil Companies such as Woodside and partners (Hardman, British Gas, Premier Oil, Energy Africa, PETRONAS and Roc Oil), DANA and its partners (Hardman, Woodside, and WinterShall) , IPG. Sa and a growing number of Petroleum Companies which are interested in exploration in this basin.

Very important exploration and development work is in progress. Six Oil and natural Gas discoveries have been made over the last few years. Other prospects will be drilled in the near future. We are currently focusing on the deep offshore blocks (2000 – 3500 m in water depth) and the Taoudeni basin.

-Oil potential

Several fields have been discovered over the last few years. Their crude oil varies from 22° to 40° API and sometimes the estimated reserves reach 1200 million barrels.

- Gas Potential

Several gas fields have been discovered. In these fields the proven reserves frequently reach more than 80 trillion SCF.

1-b Taoudeni Basin

Two exploration wells were drilled in 1974. One of them encountered gas shows in a limestone reservoir.

Due to international circumstances, favourable to more competitive areas the exploration of hydrocarbons in Taoudeni basin was delayed for nearly 30 years .To encourage foreign investment, the Government offers advantageous Production Sharing Contracts (PSC) to attract oil companies.

Some companies have already expressed interest in this basin.

In fact, several PSC's have been signed and others are under discussions.

- Oil potential

This important basin may contain important reserves of hydrocarbons. A number of oil Companies are involved in oil exploration in this basin, among them: TOTAL, BARAKA, WOODSIDE, CNPCIM, REPSol.... Other companies are in negotiations to get blocks in Taoudeni; two PSCs have been signed with the German company, WINTERSHALL; The next few years will be crucial in determining the petroleum potential of this basin.

- Gas Potential

Taoudeni basin might have huge reserves of natural gas. One well drilled in 1974 by Texaco, showed gas in a limestone reservoir.

We believe that the work scheduled with our partners in Taoudeni will confirm very soon Taoudeni's gas potential.

In short, regarding natural gas, we can say that Mauritania is going through a pre-evaluation period of proven reserves.

2- Institutional and legal framework

The institutional and legal framework ruling the exploration and production of hydrocarbons (liquid and gas) in Mauritania encourages foreign investment and is constituted in the following :

- **The Ordonnance 88-151** established in 1988, defines the specific legal and fiscal framework of petroleum operations and sets up the government's and the operator's obligations to differentiate petroleum activities from mining activities (law 77 bearing mining code),
ditto law
- **The Standard Production Sharing Contract (PSC)**, elaborated in 1994, sets up Mauritania's options regarding the applied contracts in the petroleum operations. It defines the exploration program, the production sharing program (in case of discovery) and the simplified fiscal regime between the government and contractors,
- **The Simplified Fiscal Regime** which was adopted into law in 2004, lessens the required procedures for the contractors and sub-contractors,
- **The Investment Code** of 2003 defines, updates and simplifies terms and conditions for investment in Mauritania,
- **And finally the financial Law** sets up taxes annually in the common fiscal government.

Ladies and gentlemen,

Before ending my speech, I would like to share with you my optimism for the promising future of the exploration and development of hydrocarbons in Mauritania.

Thank you very much