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GABON SPOTLIGHT

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GABON

IN NUMBERS



Proven reserves: 2.5 bn bl - 8th largest in sub-Sahara Africa



Oil production: 200,000 bpd



Bidding rounds: The 12th Offshore Licensing Round is open until 30 September 2019



Major Players:

Total Gabon
Assala Energy
Perenco Oil
Addax Petroleum
Chevron



Refineries: Sogara-Port Gentil (21,000 bpd)



OVERVIEW:

Gabon is a well-established hydrocarbons producer in the Gulf of Guinea. Its domestic output peaked at 370,000 bpd in 1997 but has been declining since to reach its current levels of about 200,000 bpd. Over the past decade, Gabon has addressed negative reserves and production forecasts by incentivizing exploration and encouraging additional investment via policy and regulatory reforms which culminated in the 2014 New Hydrocarbons Law (Law no. 11/2014 of August 28, 2014), signed by President Ali Bongo Ondimba on July 16, 2019.

While gas production has been steadily increasing, efforts to boost oil production are still struggling to bear fruits but hopes are on the horizon. In August 2019, Gabon signed exploration permits with state-owned Malaysian company PETRONAS for offshore blocks F12 and F13 which, once developed, will have a production of 200,000 barrels per day, according to the government. These were the first such contracts to be signed in Gabon in five years.

OIL & GAS

Oil remains the lifeblood of Gabon's economy, representing half of the State's revenues and around 80 percent of its export earnings in 2014. The country benefits from relatively light, sweet crude from accessible onshore deposits, and has potential in deep offshore blocks. However, the absence of any recent major oil discoveries, declining production at mature fields and, above all, the halving of international oil prices over the past years have dampened the short-term outlook, leading to a push to aggressively increase enhanced oil recovery techniques and new exploration.

UPSTREAM

Operating companies may gain access to the country's acreages either by tender procedure or by negotiating directly with the state. In this regard, Gabon is conducting its 12th shallow and deep-water licensing round between November 2018 and September 2019. Upstream

activities can be conducted under prospecting authorisations (18 months), exclusive exploration authorisations (six years with maximum extension of two years) and exclusive exploitation authorization (10 years renewable for two periods of up to five years each for liquid hydrocarbons, and 15 years renewable for two periods of up to five years each for gaseous hydrocarbons).

Such activities can be carried out under a service contract, a technical evaluation contract, an exploration contract, a production sharing contract or an exploration and production sharing contract.

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LEGISLATURE

The sector is managed and regulated by the Ministry of Petroleum and Hydrocarbons, which implements the government's hydrocarbons policy. Gabon's new Hydrocarbons Code was signed in 2014, when oil prices plummeted. The context, along with the slow adoption of the Code and its decrees, translated in sluggish investments over the past five years. Following revisions in the Code, and its promulgation in early 2019, hopes are high that a better industry context along with a revised and more compromising regulatory framework will translate into new capital and technology injections in the sector. Under the legislation, fiscal terms notably include zero corporation tax and reductions in the government take for shallow and deep-water concessions. For shallow blocks, royalties are down from 13 per cent to seven percent and down from nine per cent to five percent for deep-water. State profit has been reduced, down from 55 per cent to 45 per cent for shallow blocks, and down from 50 per cent to 40 per cent for deep-water. The cost recovery limit has been

increased from 65 per cent to 70 per cent for shallow blocks and from 70 per cent to 75 per cent for deep-water. State participation is down from 20 per cent to 10 per cent and the National Oil Company can acquire a maximum of 15 per cent at market conditions. The new Code also addresses local content matters, and notably stipulates that any entity exercising within Gabon's hydrocarbons sector is required to give priority to the hiring and training of Gabonese nationals, and the sourcing of Gabonese goods and services. The future of the industry, however, rests on the implementation of the Code, and its success in attracting new investors and capital. The new legal framework is seen as central to restoring legal certainty in Gabon's hydrocarbons sector and includes a number of widespread reforms such as the state approach in its relations with operators and willingness to influence and control more oil and gas activities.

REGULATIONS : [Hydrocarbons Law no 11/2014](#)

HOW CAN WE HELP?

Centurion Law Group is a pan-African corporate law conglomerate, with a specialized focus on cross-border business and energy law. We help you navigate the legal and regulatory environments of Africa's many jurisdictions and ensure that deals are done and completed as efficiently and cost-effectively as is possible.

Centurion with its large network of lawyers and on-demand specialists are ready to be mobilized to undergo your full suite of legal and advisory work. We currently have an office in the region and our strong knowledge of the Gabon oil and gas sector enables us to provide clients with the best advice possible. We can help you facilitate your entry into the market, and help you navigate through established industries through our relationships with key stakeholders in Gabon's oil and gas industry.

CONTACT US TODAY

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BRING YOUR **A**-GAME IF YOUR **A**-GAME IS AFRICA

Centurion Law Group is a pan-**A**frican corporate law conglomerate, with a specialised focus on cross-border business and energy law. We are a stand out firm for investors that are starting a new business or looking to expand their footprint across **A**frica.

We provide a full-scope legal, tax, government relations and management advice for clients and regular advice on some of the most complex and market-first deals.



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