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**EQUATORIAL
GUINEA
SPOTLIGHT**

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EQUATORIAL GUINEA IN NUMBERS



Proven Oil Reserves: 1,1 billion barrels



Proven Gas Reserves: 36,800,000,000 m³



Oil production: 125,000 bopd



Bidding rounds:

EG Ronda 2019 (27 blocks)

2020 Year of Investment



Legal Regime: CEMAC, OHADA



Major players:

Marathon

Noble Energy

Exxon Mobil

GEPetrol



GDP: \$13 billion (2018)



Population: 1,3 million



OVERVIEW:

With current proven reserves of 1.1 billion oil barrels, Equatorial Guinea made its first production in 1991 with the Alba field. Since Exxon Mobil started producing at the Zafiro field in 1996, oil production in Equatorial Guinea had not stopped increasing, reaching a production peak of 430,000 barrels per day in 2007. However, due to the aging of the main fields, oil production has been decreasing to its current level of about 125,000 barrels per day. To counter decline output, the Ministry of Mines and Hydrocarbons seeks to attract fresh investment in exploration. It recently concluded EG Ronda 2019, a licensing round offering 27 Blocks, and has launched the Equatorial Guinea Year of Investment 2020 to attract investment in the entire value chain next year.

Equatorial Guinea's latest licensing round managed to attract the attention of Chinese and Russian investors, in a market mostly dominated by American companies, but also included for the first time a round of mining licenses, a sector still largely under-explored despite its great potential.

The country's gas market has been on the rise in recent years and shows great promises to lead West and Central Africa's gas revolution. Gas reserves in Equatorial Guinea are estimated at about 36,800,000,000 cubic meters, and their monetization is structured under a carefully-planned master plan. One of the greatest successes of this plan is the substantial reduction in gas flaring, and the use of gas in the processing facilities of Punta Europa including the Turbo Gas plant that provides electricity to the city of Malabo.

In line with its vision to develop gas, the MMH signed in May 2018 an agreement with Noble Energy to supply gas from the Alen and Aseng fields to Punta Europa, the country's 3.4 mtpa LNG terminal, to replace declining production from the Alba field. This is a major step in Equatorial Guinea's plans to build a gas mega-hub to aggregate gas from upstream projects and deliver it to onshore industries. In addition, the country is also spearheading the LNG2AFRICA initiative, whose objective is to expand the commercialization of gas produced in Africa across the continent. Several agreements have already been signed with countries like Ghana, Burkina Faso or Togo.

OIL & GAS

The Ministry of Mines and Hydrocarbons of the Republic of Equatorial Guinea has announced the results of its 2019 Licensing Round in Malabo in November 2019, ahead of the 5th Summit of the Gas Exporting Countries Forum.

Under EG-RONDA 2019, the government of Equatorial Guinea offered 27 free blocks for exploration across its sedimentary basins. The licensing round generated interest from 53 companies, and resulted in 17 bids. This confirms the interest and attractiveness of the country for regional and global explorers, showing promising signs of Equatorial Guinea's upstream future.

Several of these blocks are now in discussions and final stages of negotiations. They include EG-27 with Lukoil and GEPetrol (Niger Basin, offshore), EG-23 with WalterSmith, Hawtai Energy and GEPetrol (Niger Basin offshore), EG-09 with Noble Energy and GEPetrol (Duala Basin, offshore), EG-18 with Africa Oil Corporation and GEPetrol (Rio Muni basin, offshore), EG-03, EG-04, EG-19 and Block P with Vaalco Energy, Levene Energy and GEPetrol (Rio Muni Basin, onshore) and EG-28 with GEPetrol (Rio Muni Basin, offshore). In addition, the Ministry of Mines and Hydrocarbons has also announced in 2019 the signing of agreements with Russia's Rosgeo and Venezuela's PDVSA to carry out exploration studies in the onshore Rio Muni Basin.

As a result of repeated efforts, exploration activity has been slowly recovering in the Gulf of Guinea. Earlier in 2019, Noble Energy announced a discovery after drilling the Aseng 6P well at a depth of 4,000 metres in Equatorial Guinea, confirming expectations that the country remains a promising frontier for oil and gas exploration.

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DEVELOPMENTS IN DOWNSTREAM AND MIDSTREAM

In recent years, the country's efforts have focused on developing downstream and midstream infrastructures. The most recent initiative is the authorization of the construction of a 70-kilometer gas pipeline that will link the Alen Unit, operated by Noble Energy, with the Punta Europa complex within the framework of the Equatorial Guinea gas monetization project. The contract of about 100 million dollars (90.8 million Euros) was awarded to Italian contractor Saipem and is part of the offshore gas mega-hub project.

Equatorial Guinea has also long been a center for processing and production of other petroleum products such as methanol. Moving forward, downstream operations are going to be driven by gas processing facilities through the gas mega hub project notably, and expectations are that several gas valorization projects are to be commissioned in the near future, including petrochemical and refining units. The Year of Investment 2020 initiative include several of these, such as storage tanks, LPG processing infrastructure, gas storage and regasification units, refining infrastructure, and mining infrastructure.

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. The firm is a Chambers & Partners Band 1 ranked law firm in Equatorial Guinea. 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. Our regional office in Equatorial Guinea is our first and longest running, for over a decade. Our strong knowledge of the oil and gas sector in the region 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 Equatorial Guinea's 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-African 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 **Africa**.

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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