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CONGO-BRAZZAVILLE
SPOTLIGHT

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CONGO-BRAZZAVILLE

IN NUMBERS



Proven Oil Reserves: **2,982 million barrels**



Proven Gas Reserves: **285 billion cubic meters**



Bidding rounds:

Kombi-Likalala-Libondo II (KLL II) operating license, offshore, to be allocated from July 22, 2020.



Start of production: **Mid-1970s**



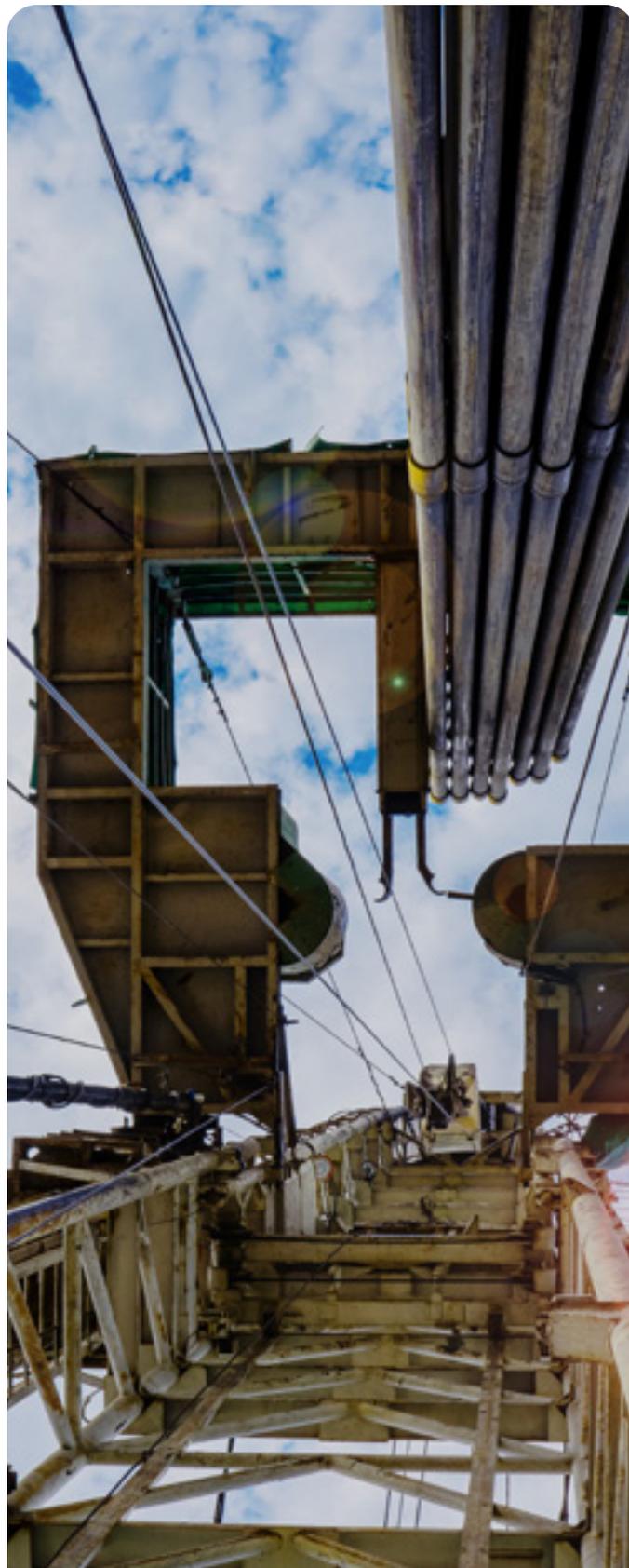
Major players:

Aiteo

Perenco

Total

Anglo African Oil & Gas



OVERVIEW:

With a population of 5.261 million over a surface area of 342,000 km², the Republic of Congo is sparsely populated, with more than half of the population concentrated in its two largest cities, Brazzaville and Pointe-Noire. The rest of the country is one of the least densely populated areas in Africa, with just 12.8 persons per square kilometre.

Largely covered by tropical forests, the Republic of Congo also possesses vast expanses of unused arable land that represents approximately one third of its total area. Moreover, the country ranks among the top 5 of Africa's oil producers and has substantial mineral resources, the majority of which are yet untapped.

BIDDING ROUNDS

In 2019, the Minister of Hydrocarbons of the Republic of Congo, Jean-Marc Thystère Tchicaya, invited companies to register their interest in joining the tender process to select a contractor group for operating license Kombi-Likalala-Libondo II (KLL II). With a view to allocating the Kombi-Likalala-Libondo II (KLL II) operating license, located in Congolese offshore, from July 22, 2020, the Ministry of Hydrocarbons launched the appeal procedure for national and international offers for the training of the contractors of the said permit. To this end, oil companies are invited to express their interest in order to allow the Ministry of Hydrocarbons to draw up a shortlist of companies to participate in the call for tenders.

OIL AND GAS

The prospects for the nation are improving largely thanks to Total E&P Congo's Moho Nord project. The US\$ 10 billion Moho Nord project, the largest oil project in the country's history, was launched in 2013 and has the potential to increase Congo's production by 50 per cent to a total of 140,000 b/d. Targeted reservoirs amount to US\$ 700 million b/d.

After becoming a significant oil producer in the mid-1970s, Congo (Brazzaville) is now the fourth largest in sub-Saharan Africa. Most of the fields in current production are in coastal waters.

The average quality of oil output has improved over the years, aided by the N-kossa field which started producing in 1996. The bulk of oil production is exported.

Total started up production from the Moho Nord deep offshore project, located 75 kilometres offshore Pointe-Noire in the Republic of the Congo, early last year. Operated by the group, the project has a production capacity of 100,000 barrels of oil equivalent per day.

The Moho Nord field is developed through 34 wells tied back to a new tension leg platform, the first for Total in Africa, and to Likouf, a new floating production unit. The oil is processed on Likouf and then exported by pipeline to the Djeno onshore terminal, also operated by Total.

The facilities are designed to minimise their environmental footprint. There will be no routine flaring and the all-electric design improves energy efficiency by optimising the amount of power needed to run the installations. All the produced water will be reinjected into the reservoir. Total is the operator of the project with a 53.5% interest. Its partners are Chevron Overseas (Congo) Limited (31.5%) and Société Nationale des Pétroles du Congo (15%).

Exploration and production in the nation is not only the domain of the oil and gas majors, the independents play a key role in developing the resources. One such company is Anglo African Oil & Gas (AAOG) who made a significant step in its exploration in the Republic of Congo when it spudded the TLP-103 well on the Tilapia oil field in mid-August of 2019.

AAOG expect the Tilapia well to be drilled to an intended total depth of 2,700 metres. The well targets multiple horizons including the shallow R1/R2 sands that are already producing at Tilapia; an undeveloped discovery in the lower Mengo sands; and a deeper exploration prospect in the Djeno interval from which the adjacent Minsala field produces at a rate of 5,000 b/d.



TAX FRAMEWORK

The three main taxes and levies imposed on companies operating in the oil and gas sector include the state's share of in-kind revenue (Profit Oil), balance of paid taxes and corporate income tax. The Directorate of Tax, representing Treasury, collects and manages roughly three-fifths of revenues while the rest are mostly collected by line ministries and the state-owned oil and gas company (SNPC) and managed as dedicated trust accounts.

LEGAL FRAMEWORK

The hydrocarbon sector in Congo-Brazzaville is governed by Law n° 24-94 of August 23, 1994 on the Hydrocarbon Code ; Law n° 1-98 of April 23, 1998 relating to the setting up of the "Société Nationale des Pétroles du Congo" (SNPC) ; Law n° 4-98 of August 28, 1998 setting the obligations of oil companies regarding the demolition of production facilities of hydrocarbons and rehabilitation of sites ; Law n° 6-2001 of October 19, 2001 regarding the refinery, importation, exportation, transit, re-exportation, storage, transportation of greater quantity, distribution and marketing of hydrocarbons and hydrocarbon by-products, modified by an ordinance of March 1, 2002 ; Decree n° 2001-522 of October 19, 2001 related to the enforcement measures of the VAT in the oil sector ; Decree n° 2000-186 of August 10, 2000 setting the rate and collection rules, collection and management of the area levy; Decree n° 2008-15 of February 11, 2008 setting out procedures for granting liquid or gaseous hydrocarbon mining titles; and by a series of other decrees and ministerial orders. The oil legislation applies to prospection, research, exploitation, storage and transport up to the removal area of hydrocarbons. It defines the rights and obligations of the operator as well as rules for police, security and environment protection.

Besides the texts aforementioned, additional texts govern oil activities are as follows: Law n° 003/91 of April 23, 1991 on environment protection; Law n° 6-2003 of January 18, 2003 establishing the Investment Charter as well as regulations of the ECCAS n° 17/99/CEMAC-20-CM-03 of December 17, 1999 about the Investment Charter.



HOW CAN WE HELP YOU?

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 a regional office in Nigeria and our strong knowledge of the Nigerian 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 Nigeria's and Gas industry.

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