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SENEGAL
SPOTLIGHT

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SENEGAL IN NUMBERS



GDP: \$ 2.6 bn

Estimated oil reserves : 1-2 bn barrels

Estimated gas reserves: Over 40 trillion cubic feet

Start of production: 2022 (gas) and 2023 (oil)

Major Players: BP, Woodside Energy, Kosmos Energy, FAR

Legal regime: OHADA

Population: 16 054 914



OVERVIEW:

Senegal's sedimentary basin occupies the central part of the large North-Western coastal basin, called MSGBC (Mauritania-Senegal-Gambia-Bissau-Conakry). Over 170 exploration and appraisal wells have been drilled so far, mostly in the Dakar and Thiès area and in the offshore south. Despite 60,900km of 2D seismic and 27,150km² of 3D seismic acquired, the basin remains under-explored.

Major oil and gas discoveries have been made since 2014 in the Sangomar Offshore Profond and Saint Louis Offshore Profond. Production has however remained low and onshore, with a peak of over 20,000 bpd of crude oil in 1988. In January 2020, the Government approved the Sangomar Field Development Phase 1 (Sangomar Development) by the Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore (RSSD) joint venture. Led by Woodside Energy, the project is Senegal's first offshore oil venture and should start delivering first oil in 2023, with a production capacity of 100,000 bopd.

As a result of recent discoveries and upcoming oil and gas production, the country's energy sector and power mix is set to drastically change. While fuel powered almost 89% of Senegal's electricity in 2017, it is expected to be fully eradicated from the country's power mix by 2025, being replaced by gas (41.35%), coal (35.3%), hydro (16.02%) and renewable energy (7.60%). Power generation is also being doubled from 1,046.83MW in 2018 to about 2000MW by 2030.

In 2014, President Macky Sall, launched the Emerging Senegal Plan which aims to obtain and create sufficient energy sources and reaching the objective of providing reliable electricity for its citizens by 2025. To encourage the use of gas as the main fuel for electricity generation, the government will convert existing plants which runs on gasoline and build new ones. The plan will support Senegal's strategy to connect all households to the grid by 2025. However, gas usage will not be limited to power only. Under its gas master plan, Senegal is targeting to monetize gas across industry (cement, mining, petrochemicals, fertilizers), retail and households, and as CNG for the transport sector. The country also wants to partner pri-

vate investors to build a nationwide gas pipeline network, refinery and petrochemical plants.

OIL AND GAS OVERVIEW AND MAKE UP

Through its giant Grand Tortue Ahmeyim (GTA) gas field shared with Mauritania, Senegal is leading the way in liquefied natural gas (LNG) development in West Africa. The Greater Tortue-Ahmeyim FLNG project will consist of two near-shore FLNG vessels that will be located 8-km offshore straddling the Mauritania/Senegal maritime border. Phase 1, which includes the development of a 2.5 million tpy facility, is already under-development and is expected to deliver first gas in the first half of 2022. Its capacity is expected to be eventually ramped up to 10 million tpy.

Downstream infrastructure is also being expanded to accommodate for gas distribution and increased demand for refined petroleum products. The country's only refinery, SAR, is being expanded from 1.2 million tpy to 1.5 million tpy, before eventually being expanded to 3 million tpy, at a total cost of 70 million euros.

LEGISLATURE

In 2019, the new Petroleum Code and several local content regulations were promulgated, replacing older legislation dating from 1998. To be applied to new license holders only, the terms of the new code notably provide for increased state participation in projects and for higher royalties.

The key laws and regulations that make up the principal legal frameworks regulating oil and gas activities are:

- Act No.01-2019 relating to the Petroleum Code;
- Act No.02-2019 relating to local content in the oil and gas sector;
- The decree approving the Production Sharing Contract (The Permit);

- The Joint Operating Agreement approved by the Minister in charge of oil and gas.

As of 2014, Senegal is part of the Extractive Industries Transparency Initiative. In 2016, the President established COS-PETROGAZ to provide strategic guidance as well as to define and oversee policies regarding hydrocarbons development. GES-PETROGAZ is responsible for the implementation of the deliberations of COS-PETROGAZ

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.

CONTACT US TODAY

Glenda Irvine-Smith

Director of Business Development
and International Relations

glenda.irvine-smith@centurionlg.com



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Lawyers and Business Advisors

Suite 24 Katherine & West 114 West Street Sandton, Johannesburg +27 11 245 5900

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