



Presentation

On

Joint Development Projects as a vehicle

for enhancing investment in the GOG region - The Nigeria
SaoTome & Principe Joint Development Zone (JDZ)

Experience

By

The Chairman, Nigeria SaoTome & Principe
Joint Development Authority.



30 317
30 781
28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32 553



Presentation Outline

Introduction.

Background of the Gulf of Guinea.

Joint Development Zones of the world & Advantages.

Milestones in the Nigeria SaoTome & Principe (NST&P) JDZ

Economic Impacts to the State Parties

Investment Opportunities in NSTP JDZ.

Conclusion.



30 317
30 781
28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32 553

Background on the Gulf of Guinea



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Background on the Gulf of Guinea

Stretches from Nigeria's southern shores as far south as Angola. It is rich in oil, gas and aquatic resources. However, with increased exploration and exploitation of resources, conflicts and disputes over ownership of the territory has also increased among the region's countries.

The countries covered by the region include Angola, Cameroon, Republic of Congo, Gabon, Equatorial Guinea, Nigeria, Democratic Republic of Congo and SaoTome & Principe.

The Gulf of Guinea commission was formed in 2006 with the responsibility to monitor peace agreements, preventing conflicts and resolving disputes. It also provides a good framework for consultation and coordination among the countries.

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Background on Joint Development Zones

UNCLOS

The United Nations Convention on Laws of the Sea (UNCLOS) allows coastal States to claim 200 nautical mile Exclusive Economic Zone (EEZ).

Basis for Joint Development - UNCLOS 74(3):

- ❖ "Pending agreement as provided for in Paragraph 1, the States concerned in the spirit of understanding & co-operation shall make every effort to enter into provisional arrangements of practical nature and during the transitional period not jeopardize or hamper the reaching of final agreement. Such arrangements shall be without prejudice to final delimitation".

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Background on Joint Development Zones

JDZs of the World

Joint Development is increasingly used in Overlapping Boundary Claims to set aside contentious issues and allow resource development

Joint Development Zones of the world include the following;

- Saudi Arabia – Bahrain:1958
- Kuwait –Saudi Arabia:1965
- Abu Dhabi – Qatar:1969
- Japan - South Korea:1974
- Sudan – Saudi Arabia:1974
- Indonesia – Australia (Timor Gap):1989
- Malaysia – Vietnam:1992
- Colombia – Jamaica:1993
- Guinea Bissau – Senegal:1993
- Nigeria – Sao Tome & Principe:2001

Incidentally, the JDZ between Nigeria and Sao Tome & Principe is presently the most active.



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



ADVANTAGES OF JOINT DEVELOPMENT ZONES

- ◆ JDZs allow state parties to set aside maritime boundary claims to explore and exploit resources for the benefit of their people
- ◆ It's one of the best forms of international cooperation, as state parties work together on common goals
- ◆ It creates synergy, the weakness of a state party is usually shored up by the strength of the other in the cooperation
- ◆ Also, JDZs guarantee a one stop for all transactions for investors in the zone, this in no doubt fast tracks approval processes and promotes dynamic investor operations



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32 553

Background on NSTP Joint Development Zone

Based on the United Nations Charter on Laws of the Sea (UNCLOS) which allows coastal States to claim a 200 nautical mile Exclusive Economic Zone (EEZ).

Nigeria's 1978 EEZ Law based on median lines was modified in 1998 with Decree No. 41.

DRSTP ratified its "Official Maritime Claims" Law in March 1998 and deposited at the United Nations.

There was a considerable overlap between the territorial claims of both countries based on respective maritime boundary laws.

Hence the basis for boundary negotiations for settlement, as opposed to dispute.

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

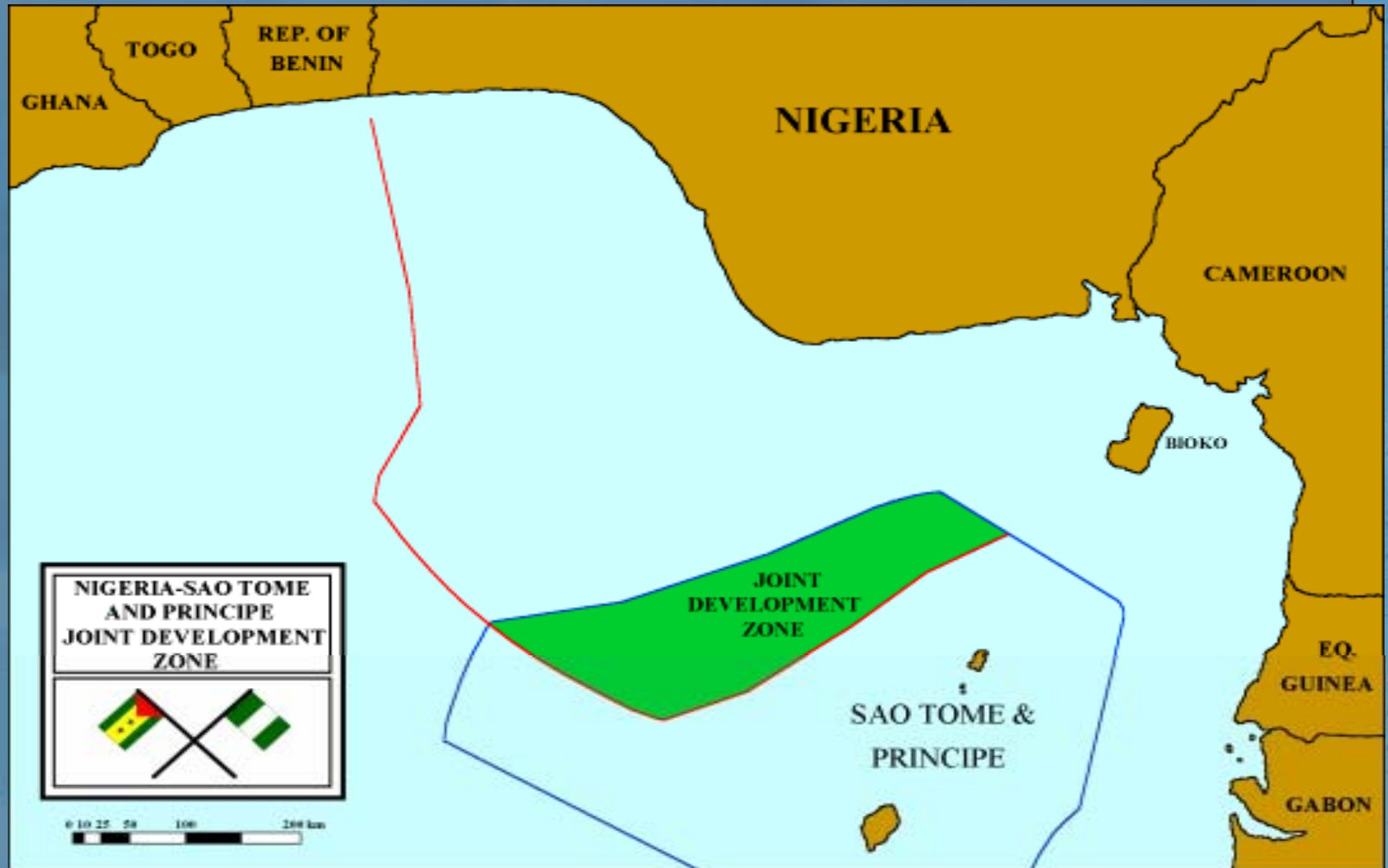
32 085
34 287
34 171

27 771

32



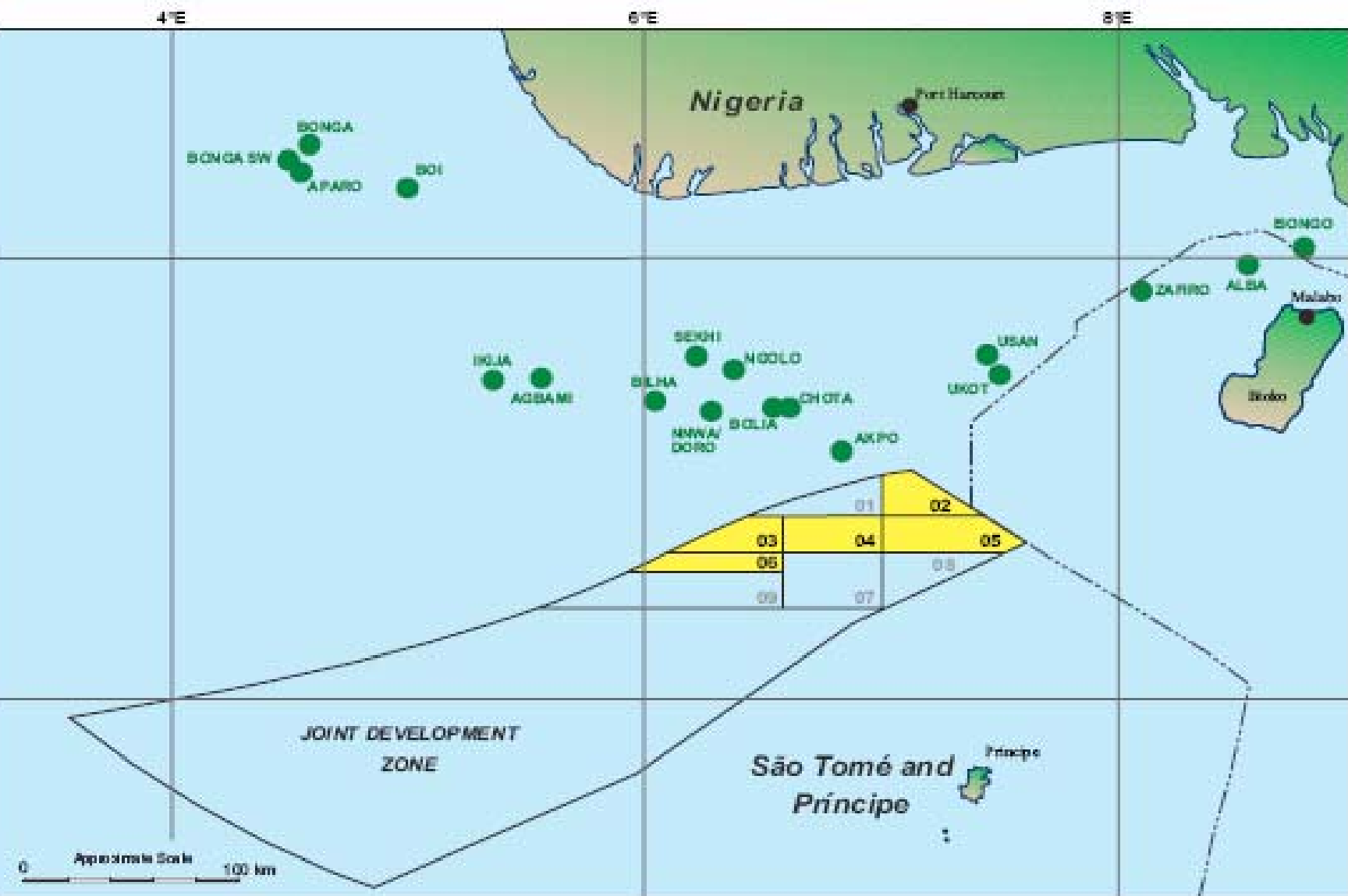
NIGERIA-SAO TOME & PRINCIPE



NSTP JDZ COVERS APPROX. 34.450 SQ. KM.



Nigeria Sao Tome and Principe JDZ



30 317
 30 781
 28 728
 29 212
 26 639
 24 391
 25 249
 26 648
 27 353
 28 310
 31 050
 31 593
 32 458
 34 073
 32 223
 38 226
 34 710
 27 452
 32 085
 34 287
 34 171
 27 771
 32 553

Milestones in the Nigeria Sao Tome and Principe JDZ

February 2001 – Treaty establishing the JDZ and the JDA was signed by the two state parties and deposited at the United Nations.

January 2002: The Joint Development Authority (JDA) was inaugurated with Headquarters in Abuja and a Liaison Office in Sao Tome.

April 2003: 2003 Licensing Round was opened.

October 2003: The Bids were publicly opened in Sao Tome.

April 2004: One Block (JDZ Block 1) was awarded to a consortium led by ChevronTexaco (51%) ExxonMobil (40%) and Dangote - Energy Equity Resources (9%).

November 2004: 2004 Licensing Round was opened

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Milestones in the Nigeria Sao Tome and Principe JDZ

December 2004: Bids publicly opened at the JDA Headquarters in Abuja.

February 2005: Corresponding PSC for JDZ Block 1 was signed.

May 2005: Blocks 2, 3, 4, 5 and 6 were awarded.

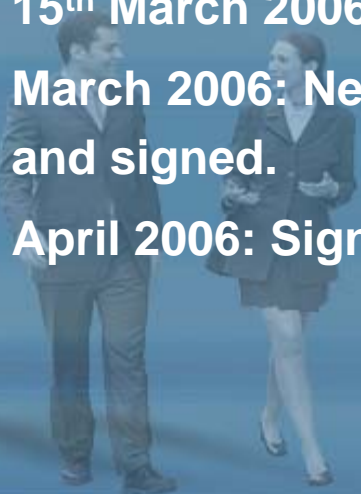
June 2005: Signature bonus for Block 1 in the value of \$123 Million was paid.

14th January, 2006: Exploration activity began with the spud of the first JDZ Exploration Well, Obo-1.

15th March 2006: Obo-1 well reached its total depth (TD) of 4,687m.

March 2006: Negotiations of PSCs for Blocks 2, 3 and 4 were concluded and signed.

April 2006: Signature bonuses for the three blocks were paid



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

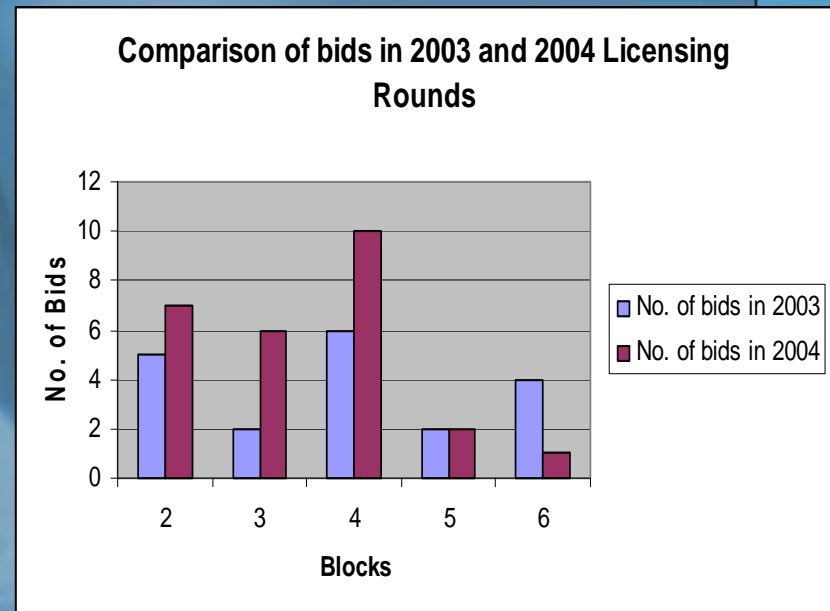
32



Milestones in the Nigeria Sao Tome and Principe JDZ

2003 and 2004 Bids Comparison

Block	No of bids 2003	No of bids 2004	%Increment
2	5	7	40%
3	2	6	200%
4	6	10	66.6%
5	2	2	0%
6	4	1	-75%
Total	19	26	36.8%



30 317
30 781
28 728
29 212
26 639
24 391

49
48
53
10
50
93
58
73
23
26
10
52

85
34 287
34 171
27 771

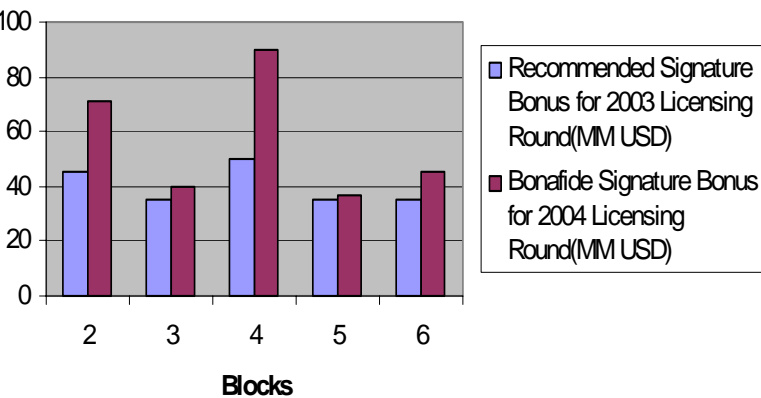
32



Milestones in the Nigeria Sao Tome and Principe JDZ

Comparison of Signature Bonus for 2003 and 2004 Licensing Round

Comparison of Signature Bonus for 2003 and 2004 Licensing Round



Block	Block Size (km ²)	Water depth Range Metres	JDA Recommended Signature Bonus for 2003 Round (MMUSD)	Bonafide Signature Bonus for 2004 Round (MMUSD)
2	692	1600-2250	45	71
3	666	1950-2300	35	40
4	857	1800-2250	50	90
5	1091	1700-2350	35	37
6	588	2200-2650	35	45

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



ECONOMIC IMPACTS OF THE JDZ ON STATE PARTIES

Revenues inflow through bonuses, taxes, rentals, royalties etc.
For example:

- Amount generated through signature bonuses for Block 1 – 4 is \$324MM.
- Signature bonuses are also being expected when PSCs for Blocks 5 & 6 are executed.

Attraction of Social Projects and Scholarships from Operators
in form of:

- Fulfilment of PSC Social Commitments.
- Fulfilment of PSC Scholarship and Training

Supply of goods and services by indigenous companies.

Development of human capital through acquisition of requisite Oil and Gas skills and know-how.

Socio-Economic impacts through enhanced employment and contract opportunities.

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



ECONOMIC IMPACTS OF THE JDZ ON STATE PARTIES

BUSINESS OPPORTUNITIES IN THE JDZ

Offshore Equipment

- anchor handling, Tug Supply vessels.
- provision of drill-ship.
- standby boats.
- accommodation & crane barges.
- specialised deep offshore support vessels (ROV).

Engineering Services

- conceptual and front-end engineering design services (FEED).
- feasibility & specialist studies.
- detailed engineering.
- deepwater installation analysis & design.

30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Procurement & Material Supply Services

- supply of line pipes and drill pipes (tubulars), casings, etc
- deepwater supply base – warehousing and open-air storage
- project logistics base.
- general maintenance and fabrication.
- body shop - supply of welders, fitters and general maintenance /fabrication crew.



30 317
30 781
28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32



Investment Opportunities in the NST&P JDZ

Oil and Gas Investment Opportunities.

Shipping Services.

Real Estate Development.

Hospitality/ Holiday Resorts.

Aquatic/Fisheries Investment

Logistics Services.



28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32



Investment Opportunities in the NST&P JDZ

Oil and Gas Investment Opportunities.

Shipping Services (Port Development).

Proposed Free Export Zone in Principe island

Real Estate Development.

Low cost housing and water front apartments would further harness the tourism potential



28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32



Investment Opportunities in the NST&P JDZ

Oil and Gas Investment Opportunities

Hospitality/ Holiday Resorts.

Hotels, Resorts and recreation centers will be at a premium in the Operator's operations base. Most especially in Sao Tome and Principe

Aquatic/Fisheries Investment

There is an obvious opportunity in fisheries, processing and packaging services

Logistics Services.

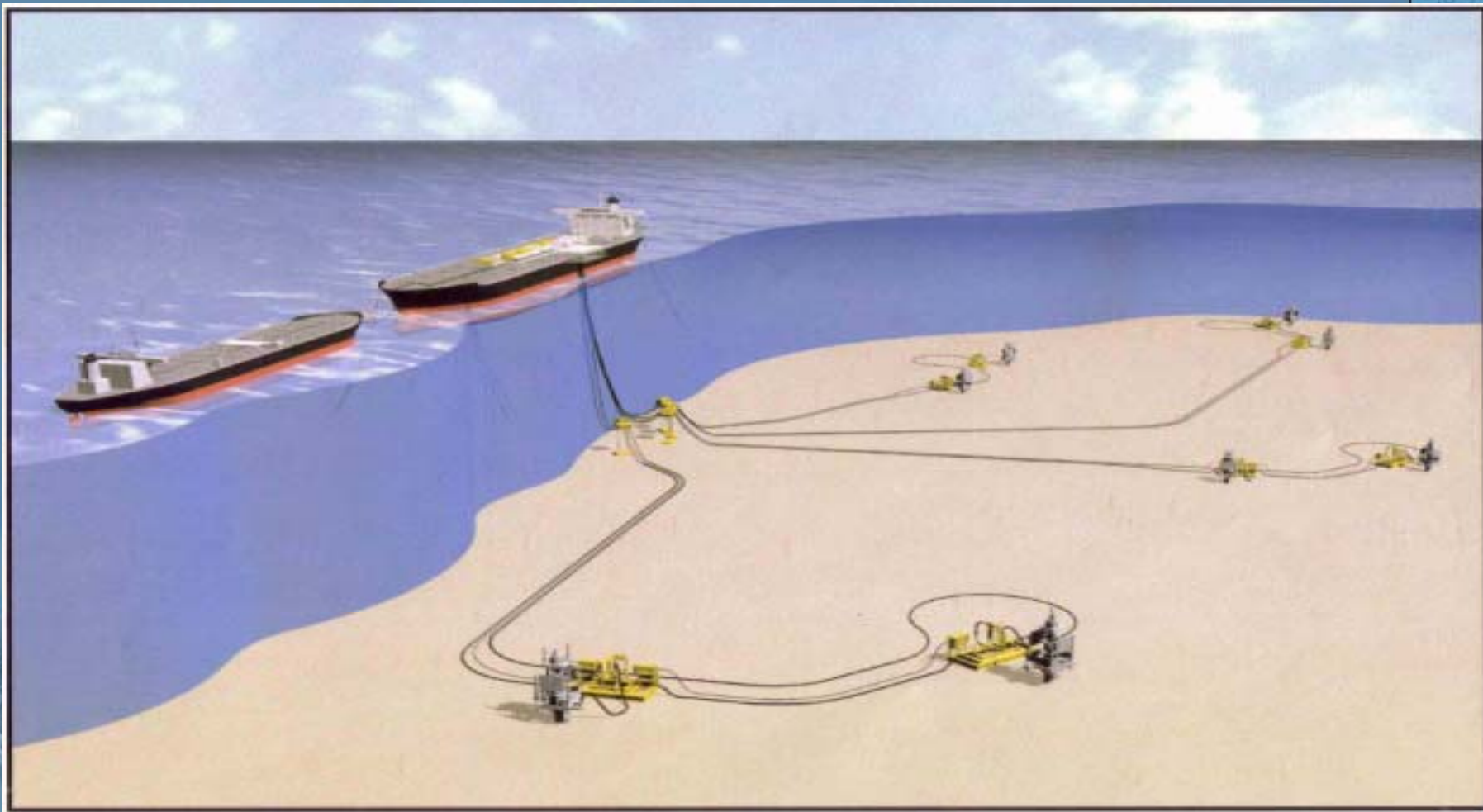
Helicopter bases, catering and other support services to offshore operations



30 317
30 781
28 728
29 212
26 639
24 391
25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452
32 085
34 287
34 171
27 771
32



JDZ CONCEPTUAL DEVELOPMENT ARCHITECTURE



30 517
30 781
30 788

32 553

Conclusion

The JDZ was an area in dispute, it now presents huge investment opportunities and potentially a revenue stream for Nigeria, Sao Tome and Principe and would-be investors.



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32



Thank You



30 317
30 781
28 728
29 212
26 639
24 391

25 249
26 648
27 353
28 310
31 050
31 593
32 458
34 073
32 223
38 226
34 710
27 452

32 085
34 287
34 171

27 771

32

