



2014 Minerals Yearbook

SAO TOME E PRINCIPE

THE MINERAL INDUSTRY OF SAO TOME E PRINCIPE

By Staff

Sao Tome e Principe is a small island nation with a land area of 96,000 hectares located about 275 kilometers (km) west of Gabon in the Gulf of Guinea. The country's two main islands, Principe and Sao Tome, and the surrounding islets make up a part of an extinct northeast-southwest trending chain of volcanic islands. In 2014, the population of Sao Tome e Principe was estimated by The World Bank to be about 186,000, and the real gross domestic product was \$335 million, which was an increase of 7.8% compared with that of 2013. Mining did not play a significant role in Sao Tome e Principe's economy (U.S. Central Intelligence Agency, 2015; World Bank, The, 2015).

Production

Mineral production was limited to clay and volcanic rock. Information was inadequate to make reliable estimates of output for these commodities.

Structure of the Mineral Industry

The Agência Nacional do Petróleo de São Tomé e Príncipe [National Petroleum Agency of Sao Tome e Principe] (ANP-STP) is responsible for the management of all Government policies related to hydrocarbons as well as the regulation of all economic activities related to the petroleum industry. In 2001, the Governments of Sao Tome e Principe and Nigeria established the Joint Development Zone (JDZ), an approximately 34,500-square-kilometer (km²) expanse located about 200 km offshore from Nigeria, as a result of settling a maritime border dispute. Under the agreement, Sao Tome e Principe would receive 40% of all revenues derived from all economic activities that take place in the JDZ. The Nigeria-Sao Tome e Principe Joint Development Authority (JDA), which is headquartered in Abuja, Nigeria, was established in 2002 for the purpose of managing activities within the JDZ. In 2009, the Sao Tome e Principe Government established the Exclusive Economic Zone (EEZ), a 160,000-km² area offshore Sao Tome e Principe, for the purpose of regulating hydrocarbon exploration in the area. The ANP-STP divided the EEZ into 19 blocks and manages the auctioning of licenses for these blocks. As of yearend 2014, no hydrocarbons had been produced in either the JDZ or the EEZ (Extractive Industries Transparency Initiative, 2014, p. 12, 17).

Commodity Review

Mineral Fuels

Petroleum.—In 2014, ERHC Energy Inc. of the United States held a 22% interest in Block 2 of the JDZ, a 10% interest in Block 3, a 19.5% interest in Block 4, and a 20% interest in Block 9. ERHC Energy and the JDA were in arbitration over

ERHC Energy's 15% interest in both Blocks 5 and 6 as of yearend 2014. During the past 2 years, Equator Exploration Ltd. of the British Virgin Islands (Oando Energy Resources Inc. of Nigeria, 81.5% equity interest), China Petroleum and Chemical Corp. (Sinopec) as well as its subsidiary Addax Petroleum Corp. of Switzerland, and Total S.A. of France withdrew all interest from their respective blocks of the JDZ owing to disappointing exploration results. As of yearend 2014, no hydrocarbon production had been reported in the JDZ (ERHC Energy Inc., 2014, 2015a; Extractive Industries Transparency Initiative, 2014, p. 28; Seibert, 2013, p. 1).

ERHC had a 100% working interest in Block 4 and Block 11 in the EEZ. In July 2014, ERHC concluded the final terms of its production-sharing contract (PSC) for Block 11 with the ANP-STP. The PSC stipulated three phases of exploration to be conducted over an 8-year period. The first phase committed ERHC to a 4-year period in which it would reprocess existing exploration data, perform an aeromagnetic survey of Block 11, and acquire 2,500 km of two-dimensional seismic data. The PSC also required the company to drill at least one exploration well in both the second and third phases, each of which would take place during a 2-year period. The ANP-STP had additional PSCs established with Sinoangol Co. Ltd. (a subsidiary of Sinopec) for Block 2, Oranto Petroleum Ltd. of Nigeria for Block 3, and Equator Exploration Ltd. for Block 5. As of yearend 2014, Equator Exploration remained in negotiations with the ANP-STP regarding the PSC for Block 12 (ERHC Energy Inc., 2014, 2015b; Extractive Industries Transparency Initiative, 2014, p. 17 Oando Energy Resources Inc., 2015, p. 18).

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