



2015 Minerals Yearbook

SAO TOME E PRINCIPE [ADVANCE RELEASE]

THE MINERAL INDUSTRY OF SAO TOME E PRINCIPE

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As estimated by the International Monetary Fund, Sao Tome e Principe's real gross domestic product (GDP) increased by 4% in 2015 compared with a revised increase of 4.5% in 2014. The nominal GDP based on purchasing power parity was estimated to be \$592 million. The small island nation is located about 275 kilometers (km) west of Gabon in the Gulf of Guinea. Mining did not play a significant role in Sao Tome e Principe's economy (International Monetary Fund, 2016, p. 174; U.S. Central Intelligence Agency, 2016; World Bank, The, 2016).

In October, the Government and China Harbor Engineering Company (CHEC) of China signed a memorandum of understanding that stated that CHEC would design, plan, and build a deepwater port located in the Fernao Dias area, Lobata district, about 12 km northwest of the capital. CHEC agreed to provide \$120 million of the estimated \$800 million cost. The project was expected to be completed in 2019 (Macauhub News Agency, 2015).

Production

Mineral production was limited to clay and volcanic rock. The information available 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) was responsible for issuing licenses, managing production-sharing contracts, and enforcing the regulations pertaining to the hydrocarbon industry. The Government retained the right to hold a 10% to 15% interest in production-sharing contracts. In 2001, the Governments of Sao Tome e Principe and Nigeria established the Joint Development Zone (JDZ), a 34,450-square-kilometer (km²) area offshore Nigeria. Under the agreement, Sao Tome e Principe would receive 40% of the revenue from all economic activities in the JDZ. The Nigeria-Sao Tome e Principe Joint Development Authority (NSPJDA), headquartered in Abuja, Nigeria, managed the activities of the JDZ. In 2009, the Government of Sao Tome e Principe established the Exclusive Economic Zone (EEZ), a 160,000-km² offshore hydrocarbon exploration area that consisted of 19 blocks in 3 zones. As of 2015, hydrocarbon production in both the JDZ and the EEZ had not been reported (Extractive Industries Transparency Initiative, 2015, p. 10–11, 37; Nigeria-Sao Tome e Principe Joint Development Authority, 2016).

Commodity Review

Mineral Fuels

Petroleum.—In June, the NSPJDA announced that Equator Hydrocarbons Ltd. of the British Virgin Islands had been

granted a 56% interest in Block 1 and that Papis Energy Solutions (a subsidiary of Pan African Petroleum Industrial Services Ltd. of South Africa) had been granted a 35% interest. The Joint Ministerial Council, which oversees the NSPJDA, mandated that unconventional technology be used to decrease the development timeline. Dangote Energy Equity Resources of Nigeria also held a 9% interest in the block. Total S.A. of France (previously the operator) had relinquished its 48.6% interest in the block in September 2013 (Nigeria-Sao Tome e Principe Joint Development Authority, 2015; Total S.A., 2015, p. 19).

At yearend 2015, ERHC Energy Inc. of the United States held interest in six of the nine blocks in the JDZ, including Blocks 5 and 6, which were in arbitration. ERHC also held a 100% working interest in Block 4 in the EEZ and retained the option to acquire up to a 15% working interest in two additional blocks. In October, Kosmos Energy Ltd. of Bermuda acquired an 85% interest (as operator) in Block 11 from ERHC; ANP-STP held the remaining 15% interest. In November, Kosmos and Galp Energia (a wholly owned subsidiary of Petrogal S.A. of Portugal) acquired a 45% operating interest and a 45% nonoperating interest, respectively, in Block 6 from ERHC; ANP-STP held the remaining 10% interest. Kosmos planned a seismic acquisition program for Block 6 and reported three-dimensional seismic requirements totaling 2,750 km² (ERHC Energy Inc., 2016, p. 20; Kosmos Energy Ltd., 2016, p. 19, 33, 89, 128).

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