

Black Gold: Somalia inks oil production deal with coastline exploration

BY LAILA MOHAMED, 5 Magazine

The Somali government has approved seven oil production sharing agreements (PSAs) with the US-based business Coastline Exploration. Initially signed by the previous administration, the agreement between Somalia and Coastline Exploration had several drawbacks for Somalia. The current admin of Somalia came up with a strategy to make five changes to the agreement in order to improve the terms of the agreement in a way that is more advantageous to Somalia.

The Coastline Exploration company is now able to carry on its exploration plan for offshore deep-water zones as a conclusion of production sharing agreements (PSAs). The company intends to carry out oil and gas exploration on a variety of offshore prospects and leads. A signing bonus payment in the amount of \$7 million has been paid to Somalia by Coastline Exploration business to the Somali Central Bank.

Coastline has invested more than US\$50 million in Somalia and is dedicated to the nation for the long term. Since 2018, the company has engaged with different Somalia

stakeholders about its PSAs and plans for the growth of the country's offshore energy sector.

In a statement issued by the Somali Government, it was noted that the Federal Government had completed the process of aligning and finalizing the oil production sharing agreements being negotiated between the Federal Government of Somalia and the Coastline

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Exploration Company for the benefit of the nation.

Coastline anticipates that each found field will produce around 100,000 barrels of oil per day, Coastline aims to find numerous offshore oil fields. Coastline said that it is pleased with the contributions it has made to the growth of the energy business in Somalia and to the improvement of the people of Somalia's prospects for a prosperous future. In a similar vein, it takes great pride in the solid working ties it has cultivated with various branches of the federal government throughout the course of its prolonged presence in the nation.

Concerning the amended issues, the government insisted that it was now in favor of the Somali people, stating that the Attorney General and international lawyers who specialize in similar of agreements were successful in resolving the ambiguous points, paving the way for the implementation of this agreement.

"We reviewed the agreements signed in February 2022, to correct the process and the provisions of the agreements. The Attorney General and international lawyers specifically

suggested that a change be made in a few articles, in accordance with the laws of Somalia, which we succeeded. The amendments made to the agreements reached up to five articles, which are annexed to the agreements (deed of amendment of the PSAs)." said the Minister of Petroleum and Minerals of FGS Mr. Abdirisak Omar Mohamed.

On his part, the President, has welcomed the implementation and completion of the oil production sharing agreement, and pointed out its importance for economic growth and how it is an opportunity for the Somali people to get out of poverty, famine and the problems they are struggling with. .

"The Somali people are struggling with difficult economic conditions, which every year they send an alarm that we need help and international support. To overcome this, we must come out with our resources, develop the economy and income. the government and the Somali people," said the President.

The signing and completion of the agreements was attended by officials such as: the Minister of Foreign Affairs and International Cooperation, the Minister of Petroleum and Minerals, the Minister of State for the Ministry

of Petroleum and Minerals, the President's Special Envoy for International Trade, officials from of the Somali Petroleum Agency and the management of the Coastline Exploration Company.

Chief Executive of Coastline Richard Anderson, noted that "Receiving the clearance authorization means that we are now able to start our exploration program. Revenues from the discovery of commercial quantities of oil will be transformative for Somalia from which the government could finance investments in education, infrastructure, healthcare and other vital services, which will benefit all of the people of Somalia, delivering continued economic growth and improving the standard of living."

On his part, Jacob Ulrich, who is non-Executive Chairman of Coastline, said, "We are delighted to have been given the go-ahead with the PSAs and we feel confident that we will discover major energy reserves which will have a materially positive impact on all Somalis. With the right partners in place and a supportive government, Somalia's nascent energy industry can look to the future with confidence now that there is a clear road map to potentially securing a sustained domestic oil and gas supply."