

## Amoco signs exploration agreement

The first offshore oil exploration and production contract has been signed with *Amoco Mozambique Petroleum Company*, a subsidiary of the US' *Standard Oil Company's* exploration and production arm *Amoco Production Company* (AED 5:10:84).

The contract, a production-sharing agreement, was signed in London on 17 October with the government and state hydrocarbons company *Empresa Nacional de Hidrocarbonetos de Mocambique (ENH)*. It covers four blocks — M4, M5, M6 and M8 — in the Zambezi delta area between Quelimane and Beira.

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The agreement provides for an initial three-year exploration period and two optional extension periods, each of two years. Because the contract area of about 21,000 square kilometres is larger than Mozambique had intended to allow for one operator, Amoco will have to relinquish either block M6 or M8 within six months of the contract becoming effective. It may also have to relinquish a second block 18 months after the effective date, depending on negotiations for an additional work commitment in the remaining two blocks.

Limited exploration has already been carried out in the contract area from 1968-73 by the US' *Hunt International Petroleum Company* and France's *Societe Nationale des Petroles d'Aquitaine* — now *Elf Aquitaine*. One of the two wells drilled by Hunt contained traces of tar.

The contract for the first three years contains a commitment for seismic work, but not necessarily for drilling, an Amoco representative told AED. However, the company says some drilling work is likely to be carried out if seismic results are encouraging. Amoco has already done exploration work in Mozambique, in 1958, under a joint concession agreement with the US' *Gulf Oil Corporation* covering 118,868 square kilometres between Quelimane and Inhambane.

The latest agreement is the first to be signed as a result of the government's January 1983 decision to invite foreign companies to bid for exploration concessions in 17 offshore blocks, and the second since the earlier exploration activity ceased at independence in 1975 (AED 10:6:83; 21:1:83).

The first contract, signed in May 1983, was with *Esso Exploration Oceanic*, part of the US' *Exxon Corporation*, and *Shell Petroleum Development Mozambique*. AED understands that Esso, as operator, has completed initial seismic work in the 13,200-square-kilometre onshore concession area in the Rovuma basin in the northeast.

Signing of this contract helped stimulate interest in the offshore blocks, and over 22 companies are reported to have purchased bid documents. No details were released when tenders were opened on 31 March 1984, but AED understands that negotiations are under way with companies on about half the blocks.

Companies reported to be interested include the UK's *Ultramar*, *Agip* of Italy, *Phillips Petroleum Company* of the US and Brazil's *Petrobras Internacional (Braspetro)*. However, the second offshore contract, which is expected to be signed before the end of the year, is expected to be with *British Petroleum (BP)*. BP has confirmed to AED that it has completed negotiations on one block and "is entering into a contract" with the



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government and ENH, as a 100 per cent concession holder. The contract is expected to be similar to the Amoco agreement, with an initial period followed by two options to extend with commitments to additional work.

**Commission's work will go on**

The tripartite commission established on 3 October to negotiate an end to internal fighting in Mozambique will meet "in the near future," according to a joint communique issued on 19 October by South Africa and Mozambique.

The communique came amid growing uncertainty over the commission's future following the 17 October announcement by the rebel Mozambique National Resistance (MNR) that it was breaking off participation in the negotiations because of Maputo's refusal to publicly acknowledge it as a full member of the commission (AED 19:10:84).

The communique was signed by Minister in the President's Office for Economic Affairs Jacinto Veloso, who heads the Mozambican delegation on the commission, and his South African counterpart, deputy foreign affairs minister Louis Nel. The two met on 19 October to continue discussions on ending hostilities, amidst statements from both Pretoria and Maputo that "the peace process" was continuing, despite the MNR announcement.

The MNR pull-out had prompted a two-day emergency session of the Mozambican cabinet. In a communique issued after the session, the government called for rapid implementation of the 3 October declaration, and said recent military victories over the MNR had created favourable conditions to re-establish peace at the diplomatic level and to reintegrate MNR guerrillas into society.

Meanwhile the fighting in Mozambique continues, with the government announcing on 19 and 22 October successes against the MNR in Niassa, Sofala and Inhambane provinces. The MNR, in the first communique on its operations issued since the 3 October announcement, claimed on 22 October to have killed 515 soldiers, including Zimbabweans guarding the oil pipeline from Beira, in the first half of the month.