

Somalia open for business, says petroleum minister

Rich in hydrocarbons and possessing a favorable geological structure, Somalia holds huge opportunities for investors looking to enter the East African market, said the country's Minister of Petroleum and Mineral Resources, Abdirashid Mohamed Ahmed.



Abdirashid Mohamed Ahmed, Somalia's minister of petroleum and mineral resources

"Nowhere is the contribution that the energy industry can make to civil society and economic development greater than in Somalia," he said. Noting that the sector has the potential to greatly enhance stability and economic development.

Significant progress

On its path to transforming its petroleum industry and attract the attention of new investors, Somalia has made significant progress in recent years. This year, the country passed a new petroleum law which enabled it to make progress in exploration and development, and attract interest from oil and gas majors ExxonMobil and Shell.

"My ministry worked successfully with the six federal member states to develop an equitable and transparent framework for development, focused on the greater good of Somalia and all its people, whilst ensuring that we are highly competitive internationally to attract investment by delivering returns that are consistent with the risks and rewards of developing our off-shore industry," said the minister

Eager to demonstrate to the world that Somalia is open for business, the minister said the country is currently on an international roadshow which will showcase the exploration opportunities available in its hydrocarbons sector.

“This includes seismic data recently shot by Spectrum covering 20,185 km. The current licensing round is in respect of up to 15 blocks, covering a total area of approximately 7,500 square miles. The bid round will follow shortly after to ensure that the world knows: Somalia is open for business.”

Attractive production sharing model

Ahmed also spoke on the attractiveness of the country’s production sharing agreement (PSA) model for offshore oil exploration and development – regarding it as being amongst the most attractive to investors in the frontier basins. The PSA provides a highly attractive regulatory fiscal framework that is both competitive and equitable for both the people of Somalia and international oil companies (IOC).

“By equitably linking of royalties and share of revenue closely to the price of oil, the Somalia PSA ensures that IOCs can recover their up-front development costs and earn a fair share profit even if oil prices fall, whilst maximizing the profit going to the Somalian people,” he said.

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