

**IN THE SECOND SESSION OF THE THIRD PARLIAMENT OF  
THE FOURTH REPUBLIC OF GHANA**

**REPORT OF THE COMMITTEE ON MINES & ENERGY ON THE  
VARIATION TO THE PETROLEUM AGREEMENT AMONG THE  
GOVERNMENT OF GHANA, DANA PETROLEUM (GHANA)  
LIMITED, SEAFIELD RESOURCES (GHANA) LIMITED AND  
GHANA NATIONAL PETROLEUM CORPORATION IN  
RESPECT OF THE BLOCKS OFFSHORE WESTERN TANO  
BASIN**

**1.0 INTRODUCTION**

The variation to the above Agreement was laid before Parliament on Friday 31<sup>st</sup> May, 2002 and referred to the Committee on Mines & Energy for consideration and report pursuant to Article 103 of the Constitution and Standing Orders 187 and 155 of the House.

**2.0 REFERENCES**

The Committee in considering the Amendment availed itself of the following documents:

- a) The Constitution
- b) The Standing Orders
- c) Petroleum Agreement between the Republic of Ghana, Dana Petroleum (Ghana) Limited, Seafield Resources (Ghana) Limited and Ghana National Petroleum Corporation.

### 3.0 **BACKGROUND INFORMATION**

The Original Agreement to which an amendment is being proposed was signed on 21<sup>st</sup> March 1997 and ratified by Parliament on 1<sup>st</sup> August 1997. The Agreement provided for the exploration, development and production of petroleum in the offshore Western Tano Basin of Ghana.

### 4.0 **DELIBERATIONS**

The Committee in considering the amendments to the Agreement had the benefit of the inputs of officials from the Ministry of Mines & Energy and the Ghana National Petroleum Corporation.

During deliberations, the Committee observed that an amendment is being proposed to Articles 3.1, 3.1(a) and 4.3(b) of the Agreement.

The Articles in question are reproduced for the attention of Hon. Members.

- 3.1. "The Exploration Period shall begin on the Effective Date and shall not cover a period of more than six and half (6½) years unless it is extended in accordance with the terms of this Agreement or the Agreement is sooner terminated."

3.1(a) "The Exploration Period shall be divided into an Initial Exploration Period of 2½ years ("Initial Exploration Period") and two (2) extension periods of 2 years each (respectively "First Extension Period and " Second Extension Period") and where applicable for further periods for which provision is made hereafter."

4.3(b) "Commencing at the end of the Initial Exploration Period and terminating at the end of a further two (2) Contract Years."

#### 5.0 **PURPOSE OF THE AMENDMENT**

Dana Petroleum Limited has the minimum work obligation to drill one well during the First Extension Period. The Company as a matter of importance used part of this period to acquire and process 1,140 sq km 3-D seismic data to enable them define the prospects and to increase the prospectivity of the area.

The request for an extension of six (6) months to the First Extension Period and a corresponding extension to the Exploration Period would enable the Company drill the Well, have the opportunity to evaluate the results and also attract Partners to invest in the drilling programme.



An amendment is therefore being sought to extend the exploration period in Article 3.1 from six and a half (6½) to seven (7) years.

It also seeks to extend the First Extension Period in Article 3.1 (a) from two (2) to two and a half (2½) years.

The amendment to Article 4.3 (b) is consequential to reflect the change in Article 3.1 (a)

## 6.0 **OBSERVATIONS**

The Committee made a number of observations, which are submitted as follows:

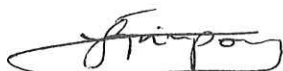
- (a) Dana Petroleum met its work obligation during the initial exploration period that ended on 31<sup>st</sup> January 2002. It was however noted that the Company exceeded its minimum financial obligation for that term which was US\$6 million by US\$9 million.
- (b) A lot of evaluation has been undertaken by Dana Petroleum Limited in addition to the minimum work obligation for the First Extension Period. Dana has acquired and processed 1,140 sq km 3-D seismic data in the deepwater portion of the acreage to enhance its work. About US \$4.5 million has so far been spent on the acquisition and processing of the data. Prospect development and ranking on this new dataset are currently in process.

- (c) Dana Petroleum is at present planning to drill an exploratory well. For the purposes of enriching their work programme and sharing their risk with other Companies, they are also engaged in discussions with a number of potential farm-in Partners into the acreage.
- (d) Finally, the Committee submits to the fact that the Company would require some time to evaluate the results of the Well when drilled. Prospective farm-in partners would also need some time to evaluate the hydrocarbon potential of the West Tano Block to guide them to invest in it.


## 7.0 CONCLUSION

The Committee having closely examined the variation to the Agreement accordingly recommends that, this House approves the Amendment to the Petroleum Agreement between the Government of Ghana, Dana Petroleum (Ghana) Limited, Seafields Resources (Ghana) Limited and Ghana National Petroleum Corporation.

Respectfully submitted.



**JANET FRIMPONG  
CLERK TO THE COMMITTEE**



**HON. A.B BOADI-MENSAH  
CHAIRMAN, COMMITTEE ON  
MINES & ENERGY**