

IN THE FIRST SESSION OF THE THIRD  
PARLIAMENT OF THE FOURTH REPUBLIC OF  
GHANA

REPORT OF THE JOINT COMMITTEE ON MINES &  
ENERGY AND FINANCE ON REQUEST FOR THE  
AMENDMENT TO PETROLEUM AGREEMENT IN  
RESPECT OF OFF-SHORE KETA BASIN

**1.0 INTRODUCTION**

The request for amendment to the Petroleum Agreement in respect of Off-Shore Keta Basin was submitted to the House by the Hon. Minister of Energy on Wednesday 25<sup>th</sup> July 2001 and was referred to the Joint Committee on Mines and Energy and Finance for consideration and report in accordance with the 1992 Constitution and Standing Order of the House.

**2.0 PURPOSE**

The Ministry of Energy seeks the approval of the House to amend the Petroleum Agreement in respect of Off-shore Keta Basin.

**3.0 BACKGROUND**

Sante Fe Energy Resources of Ghana Ltd., the operators in the Keta Block, entered into a Petroleum Agreement with the Government of Ghana (GoG) and Ghana National Petroleum Corporation (GNPC) on June 25, 1997. The Agreement provided for an initial Exploration Period of three years ending July 31, 2000 by an Amendment dated April 28, 2000 of the Petroleum Agreement (First Amendment).

Sante Fe Energy Resources Ltd., assigned 50% of its interest to Anardako Ghana Co. Ltd., on August 29, 2000, with the approval of Government of Ghana (GoG) and GN.P.C. in accordance with the terms of the Petroleum Agreement.

Sante Fe has since changed its name to Devon Energy Ghana Ltd., to reflect a change in the name of its parent company due to a merger

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between Sante Fe Synder Corporation and Devon Energy of Oklahoma City on August 29, 2000.

Devon Energy Ghana Ltd., the operator of the Keta Block, has submitted a request for the amendment of a few provisions of the Petroleum Agreement.

#### **4.0 PROVISION**

Mr. Speaker the request seeks to amend the following:

- (a) *Article 3.1 (a) to attend the initial exploration period by six months ending on July 31, 2001 to enable the result of the Dolphine Well be evaluated. The Article 3.1(a) is to be further amended to provide for a first extension period of one year and six months*
- (b) *Article 4.3(b) to provide for acquisition and processing of a minimum of 1500sq. km 3-D (3 dimension) Seismic data, instead of drilling an exploratory well*
- (c) *Article 4.3(c) to provide for the drilling of one exploratory well in deep water (move them 1000 feet depth) instead of two exploratory wells;*
- (d) *Article 4.6(a) to read "The Exploration Well for the Second Extension period provided for in Article 4.3(c) shall be drilled at a location and to an objective depth determined by contractor in consultation with GNPC. Except as otherwise provide in Article 4.7, the minimum depth of such Exploration Well shall be which ever of the following is first encountered"*
  - The depth of 600 ft below the sea floor
  - The depth at which contractor encounters geologic basement; or
  - The depth at which a discovery is made and tested.
- (e) To delete Article 5.1(a) and substitute with the following:



*"If, one or before the expiration of the initial Exploration period and amend hereby, contractor elects to enter into the First Extension Period pursuant to Article 3.1 then, subject to Article 5.2, at the commencement of the first extension period, the contractor shall relinquish an area mainly from the shelf portion up to approximately the one thousand (1000) feet within the contract area as described in Annex 1B, which is attached hereto and made a part hereof. The area to be relinquished shall not be less than one thousand eight hundred square kilometers (1880 km<sup>2</sup>). It is acknowledged that the whole of the On-shore portion of the second contract year. If contractor elect not to enter into the First Extension period then, subject to Article 5.2, contractor shall relinquish the whole contract area".*

(f) *To delete 5.1(b) and substitute the following:*

*"If contractor elect to enter into the Second Extension Period pursuant to Article 3.1 then, at the commencement of the Second Extension period, the contract area as described in Annex 1B shall remain the same with no further relinquishment required. If contractor elect not to enter into the second extension period, then subject to Article 5.2, contractor shall relinquish the whole contract area as described in Annex 1B".*

## **5.0 CONSIDERATION**

Mr. Speaker, your Committee went through the provision to be substituted as well as the new provisions clause by clause and had no objection.

## **6.0 OBSERVATION AND RECOMMENDATION**


Your Committee observed that the amendment sought in respect of the extension is to enable the Ministry of Energy evaluate the result of the Dolphine Well.

Also the Committee observed that recent research indicates that the shelf area of the Keta Block offers very little potentials due to the lean nature of the source rock. The deep-water area however, has a very rich organic marine source rocks and therefore holds potentials for significant discoveries.


Your Committee also observed that G.N.P.C. which is a specialized agency has recommended that the amendment to the Agreement be considered because it is a good opportunity to open up the hydrocarbon potentials of the deep-water areas of the country.

In view of the above considerations, your Joint Committee therefore recommends the approval of the Amendment to the Petroleum Agreement in respect of Off-Shore Keta Basin.

Respectfully submitted.

  
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