

GOVERNMENT OPENS UP THREE NEW AREAS FOR OIL EXPLORATION

GRAPHIC BY BRIAN SSEKAMATTE

NEW AREAS

The new areas Moroto-Kadam Basin, the Hoima Basin and the Lake Kyoga Basin.

By Benon Ojiambo

The Government has launched a process to open up 26 other districts to investors for oil exploration.

The new areas, where geological surveys have revealed possibilities of existence of oil and gas, include the Moroto-Kadam Basin measuring an aerial coverage of 5,672sq.km, the Hoima Basin with aerial coverage of 3,741sq.km and the Lake Kyoga Basin covering 7,831sq.km. In total, the basins

Kween with a total surface area of 5,672sq.km.

According to Frank Mugisha, the assistant commissioner for exploration, preliminary geological surveys have revealed a working petroleum system confirming that necessary conditions for generation, accumulation and trapping of hydrocarbons are optimal.

Hydrocarbons are organic chemical compounds composed exclusively of hydrogen and carbon atoms. Hydrocarbons are naturally occurring and form the basis of crude oil, natural gas, coal, and other important energy sources.

"In addition, the geochemical surveys have enabled the discovery of an oil seed in the basin suggesting possible existence of mature source rocks that have expelled hydrocarbons, necessary temperature and pressure conditions and migration



Opolot



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resource base of 6.5 billion barrels of oil, of which 1.4 billion barrels are recoverable. The graben also has about 500 billion cubic feet of gas resources.

This discovery, according to Mugisha, is in less than 20% of the Albertine Graben that has been licensed to oil companies.

Different infrastructure projects like the East African Crude Oil Pipeline, the central processing facility, roads, refinery and the Kabalega International Airport are currently under development in the graben to facilitate the country's commencement of commercial oil production. Production is expected to start in the fourth quarter on next year 2025.

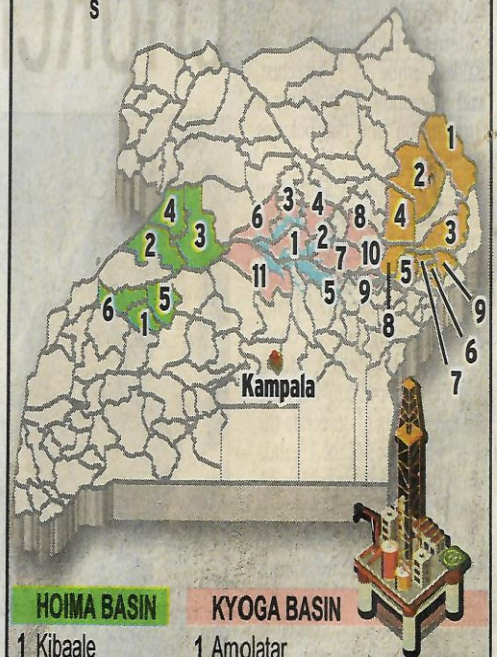
Once production commences, the current confirmed resources are expected to be depleted within a period of 25 years.

The Government is banking on confirmation of commercial

Areas for oil exploration

KADAM-MOROTO BASIN

- | | |
|-----------------|-----------------|
| 1 Moroto | 6 Kapchorwa |
| 2 Napak | 7 Bulambuli |
| 3 Nakapiripirit | 8 Kumi |
| 4 Katakwi | 9 Part of Kween |
| 5 Bukedea | |



HOIMA BASIN

- 1 Kibaale
- 2 Hoima
- 3 Masindi
- 4 Buliisa
- 5 Kakumiro
- 6 Kagadi

KYOGA BASIN

- | | |
|---------------|----------------|
| 1 Amolatar | 7 Serere |
| 2 Kaberamaido | 8 Soroti |
| 3 Kwania | 9 Pallisa |
| 4 Dokolo | 10 Ngora |
| 5 Buyende | 11 Nakasongola |
| 6 Apac | |

cover 26 districts.

As part of the process leading to the opening up of these areas to investors to apply for exploration licences, the Government has invited members of the public to give their opinion on impact assessment reports within 90 days effective November 14, 2024.

The announcement soliciting public opinion was made by the energy state minister, Okaasai Opolot on behalf of the minister of energy and mineral development at the ministry offices in Kampala yesterday.

"I call on the public to access and study the impact assessment reports for these areas and send us informed views within the statutory 90 days after the public announcement. If you do not provide your feedback within 90 days, it will be late for us to accept it because the provision is by law," Opolot said.

Officials explained that it will be upon public feedback that a decision on whether or not to open up the areas to investors for oil exploration will be made.

KADAM-MOROTO BASIN

The Moroto-Kadam Basin is located in northeastern Uganda covering the districts of Moroto, Napak, Nakapiripirit, Katakwi, Bukedea, Kapchorwa, Bulambuli, Kumi and part of

pathways that permitted the flow of hydrocarbons to the surface," Mugisha said.

KYOGA BASIN

Lake Kyoga basin is found in parts of the central, northern and eastern regions of Uganda covering districts of Amolatar, Kaberamaido, Kwania, Dokolo, Buyende, Apac, Serere, Soroti, Pallisa, Ngora and Nakasongola with an approximate area of 7831sq. km.

The assistant commissioner explained that investigations on the hydrocarbon potential of the basin commenced in 1992 with the aeromagnetic surveys that were undertaken over the basin.

"The surveys established sediment thickness of over 2km in the western parts of the basin. This implies that there is a possibility of existence of the required temperature and pressure conditions for hydrocarbon generation in the basin.

"Consequently, the aeromagnetic surveys recommended further detailed geological and geophysical surveys to confirm the possible existence of a working petroleum system (presence of oil and natural gas) in the basin," Mugisha said.

HOIMA BASIN

On the other hand, Mugisha described the Hoima basin

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as an old sedimentary basin which lies adjacent to the western part of the East African Rift Valley.

It occupies six districts of Kibaale, Hoima, Masindi, Buliisa, Kakumiro and Kagadi covering an approximate area of 3741sqkm.

CONFIRMED DEPOSITS

Uganda is endowed with numerous sedimentary basins including the Albertine Graben, Moroto-Kadam basin, Lake Kyoga Basin, Hoima Basin, Lake Victoria Basin and Wamala Basin although the Albertine Graben has been the most investigated and more prospective to date.

In 2006, Uganda confirmed the presence of commercial oil deposits in the Albertine Graben with an estimated

oil deposits in the new areas to fully utilise the infrastructure that is currently under development. Officials said it is too early to determine the quantities of the deposits in the 26 districts.

"If no additional resources are established, these costly infrastructures and associated facilities will be utilised at less optimal economic levels," Opolot said.

He further said the Government hopes to generate revenue from sharing of speculators' profits from sale of data accruing from reconnaissance surveys, as well as application fees, licensing fees, data sale revenue, signature bonuses from exploration licensing rounds.

"Should commercial discoveries be made, the country would benefit from royalties, profit oil and various taxes. These petroleum revenues would also be used in funding various government development projects, and boosting agriculture, tourism, among others," the state minister for energy said.

Additionally, confirmation of deposits in the new areas is expected to enhance national content through the participation of more Ugandans in the oil and gas sector through employment during the exploration activities.

LIKELY IMPACT

According to one of the impact assessment reports, the oil activities on which the public is expected to comment on is development and production, a stage at which oil and gas is produced, and decommissioning of the area after production. This, the reports explain, will have both positive and negative impact.

Some of the positive impacts will include employment opportunities, training and skills development, stimulation of the local economies and boosting of industrial growth and infrastructure development including roads, electricity and water and sanitation services.

"There is a high likelihood for petroleum activities to create many job opportunities such as employment opportunities through direct, indirect and induced development. It is possible that local economic growth will increase the ability of households to earn a cash-based income," one of the reports reads in part.

When the energy ministry announced the likelihood of finding oil in the Lake Kyoga basin, Geoffrey Okaka, the chief administrative officer for Serere district, said the development gives hope to the local communities.

"We pray that they discover oil in Serere. Such discoveries come with opportunities for

the youth, women and the business community," he said.

"You have seen how oil has transformed Bunyoro, it would definitely transform our region. As the local government, we would work to ensure that we support government developments and improve the livelihoods of Ugandans."

Dr Paul Bagabo, a development economist working with the Natural Resource Governance Institute, says finding more oil resources is needed to supplement what has so far been discovered.

"Should we discover more oil resources in the range of 500 million to 1 billion barrels of crude oil on top of what we have now, this will be very good for this country," he said.

"Therefore, as a country, these studies give us hope that the sector will have enough resources to run the infrastructure being developed."

On the negative side, the reports indicate that the exploration activities will have an overall change in the environment.

The reports also predict that mobilisation of personnel, equipment, crude oil and associated petroleum products will severely affect communities and the general environment, including increasing gender-based violence and family break-ups.