



SOMALILAND

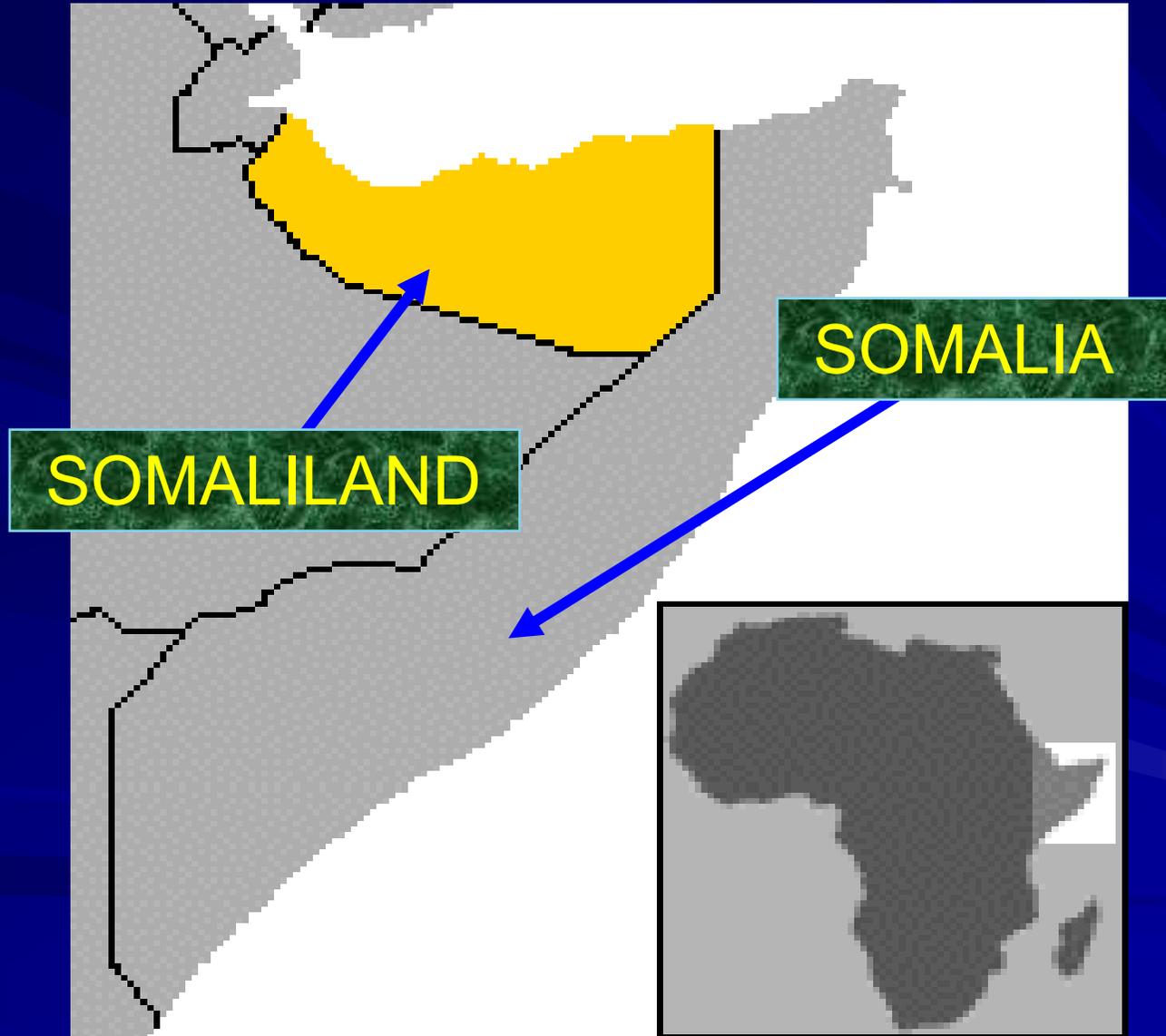
COUNTRY BACKGROUND & HYDROCARBON POTENTIAL

MINISTRY OF WATER & MINERAL RESOURCES

PRESENTATION OUTLINE

- Introduction
- Petroleum Geology
- Petroleum Regulations & PSC Model
- Re-sizing of Blocks
- Current Activities & Status
- Upcoming Highlights
- Acknowledgements

The map (Somaliland ≠ Somalia)



A Brief History

- Somaliland was under British rule from 1884 until June 26th 1960 . The country was then known as British Somaliland.
- The union between Somalia & Somaliland did not work and led to a civil war between 1980 and 1991.

Political System

The country is a REPUBLIC.

The Executive

An elected PRESIDENT

An elected VICE PRESIDENT

A cabinet of Ministers nominated by the President and APPROVED
by the legislative assemblies

The Legislative

An ELDER'S Chamber: The 'GURTI'

An elected House of REPRESENTATIVES

The Judiciary

An INDEPENDENT JUDICIARY

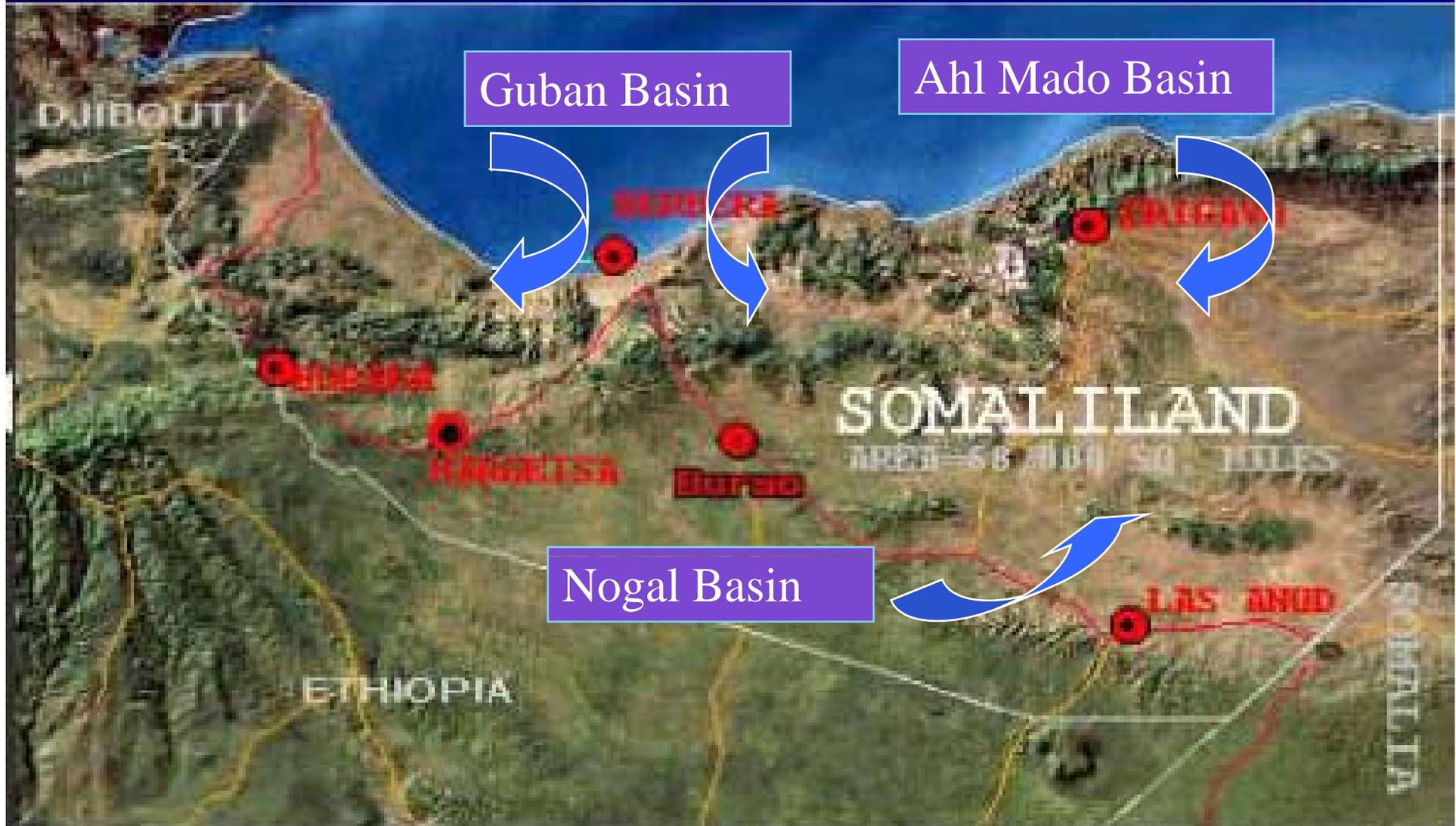
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Hydrocarbons Potential

- The sedimentary cover of Somaliland includes post-Triassic continental and marine strata. The major Basins are , the Guban, Ahl Mado, & Nogal.

Potential Basins



Hydrocarbons Potential

- Based on recent and vintage data, oil and (gas?) have been generated with favorable reservoirs, as well as structural and stratigraphic traps.
- Moreover, continuation of these basins across the gulf, raises the hydrocarbon prospect of Somaliland.

Hydrocarbon Plays (courtesy M.Ali)

- Primary Exploration Interest:

Pre-rift Jurassic -Eocene sequences

Secondary Exploration Interest:

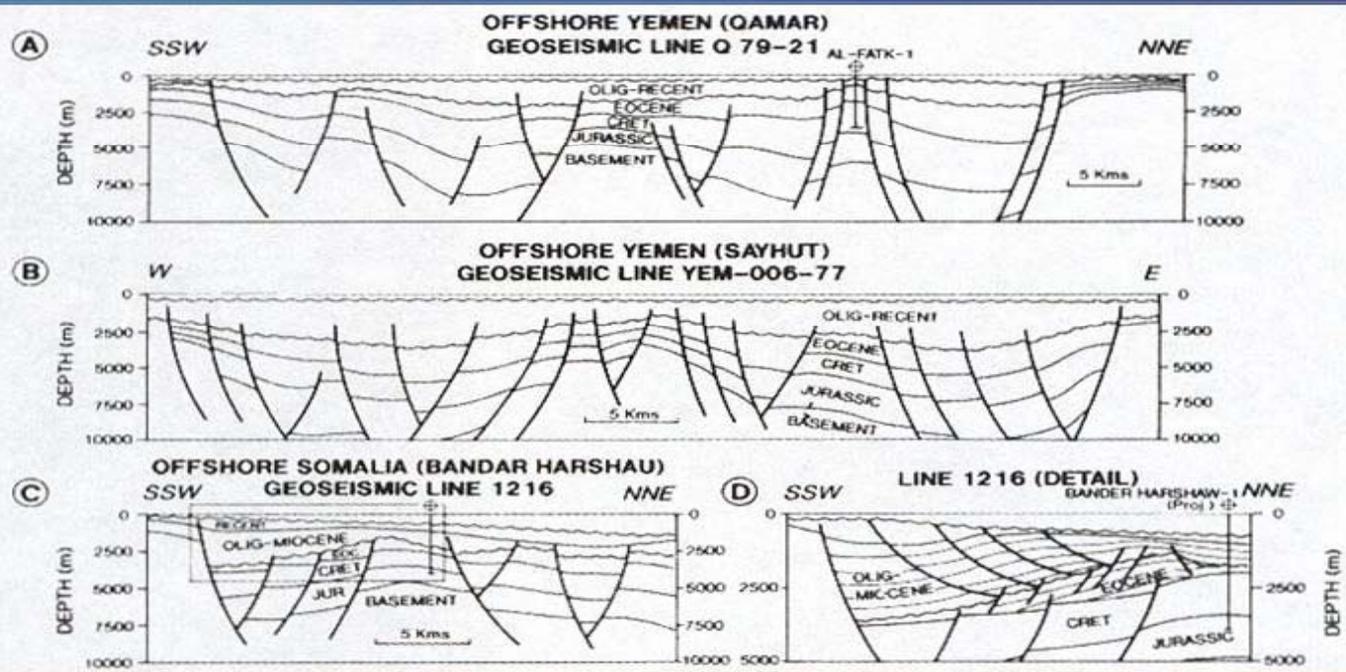
Oligocene-Miocene syn-rift sequences of the gulf of Aden

Cretaceous Regional Structure & Trap Style

■ Geological similarities

Gulf of Aden

Cretaceous Regional Structure & Trap Style



Source rocks

■ Jurassic:

Numerous excellent quality sources rocks of Jurassic age are known along the coastal margin, including Bihendula area SE of Berbera (Shales in Daghani formation and Wanderer limestone) in Dagah Shabelle 1.

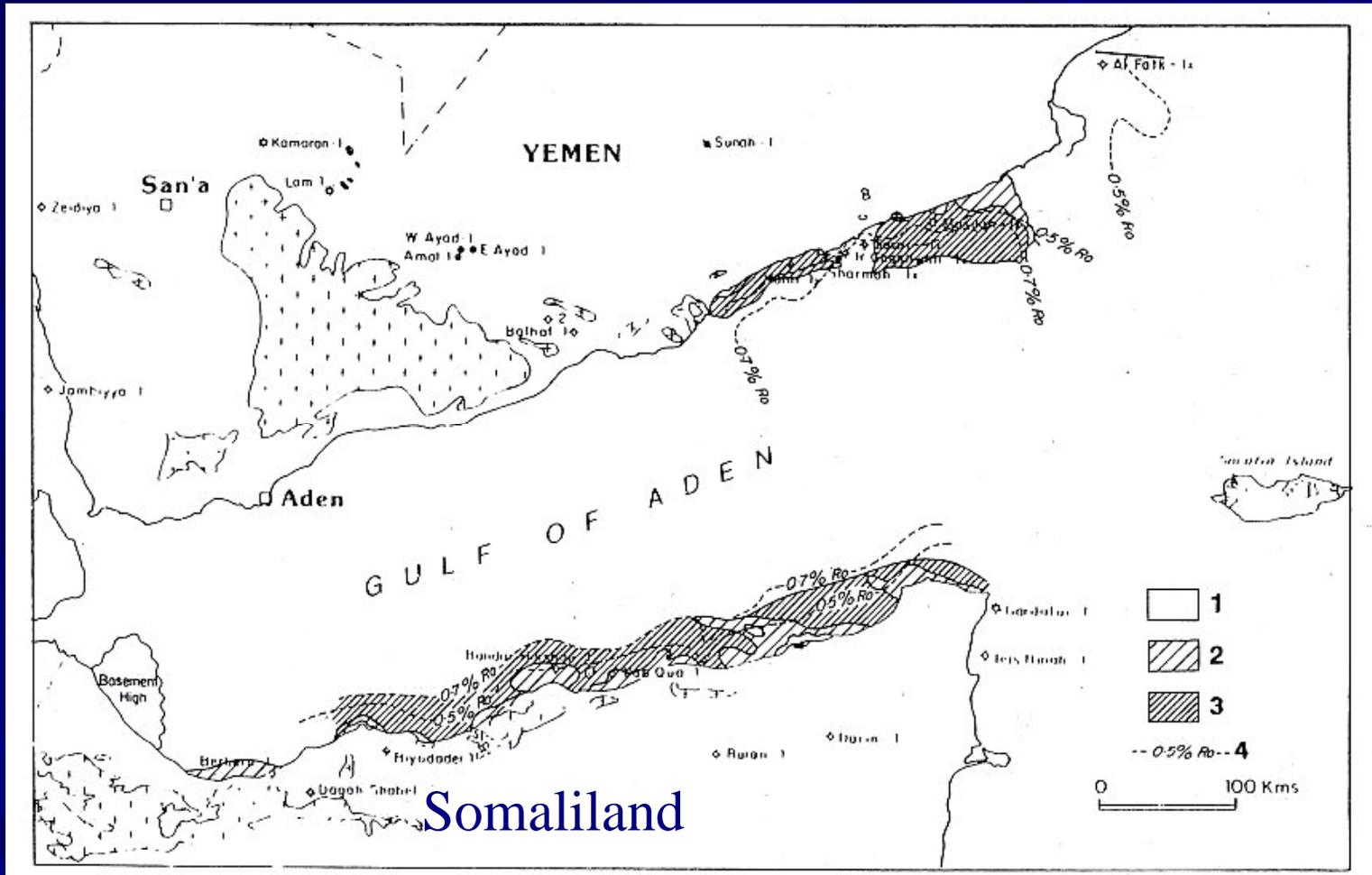
■ Cretaceous:

The late Cretaceous Shales of Jesomma formation contain good source potential.

■ Paleocene-Eocene:

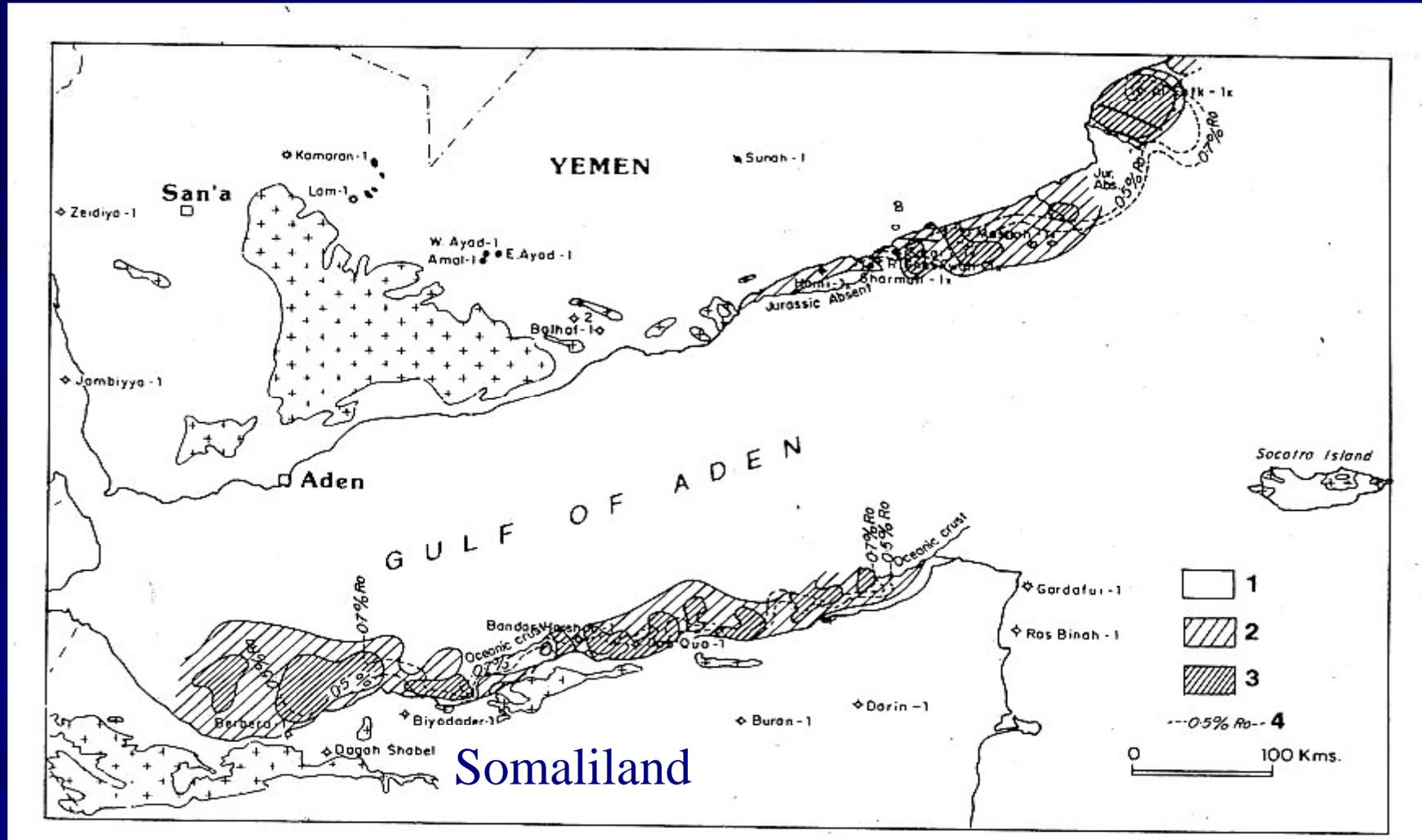
In Daba Qua-1 a good potential source rock (Auradu limestone) which had TOC of 3% was encountered.

Eocene & Paleocene Source Rocks *(Journal of Petroleum Geology – April 1992)*



1) No Source (or no data) 2) Fair-Poor 3) Good-Excellent

Cretaceous Source Rocks Potential *(Journal of Petroleum Geology – April 1992)*



1) No Source (or no data) 2) Fair-Poor 3) Good-Excellent

Reservoir Rocks

- Reservoirs exist within the pre-syn and post-rift rocks of the Gulf of Aden.
- Reservoir rocks for the pre-rift sequence include both carbonates and sandstones.
- Reservoir rocks in post-rift sequences are principally sandstones.

Traps

- The primary structural traps are rollover anticlines associated with major growth faults that become listric above the pre-rift section.
- Stratigraphic traps are also important, particularly in the offshore areas.

Seals

- Seals are primarily interbedded shales for the pre-rift sequence.
- Eocene anhydrites also form a regional seal.

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Somaliland's Petroleum Policy (in general terms)

- All Natural Resources (including hydrocarbons) are state owned.
- PSC's Model Approach adopted.
- A degree of flexibility with regard to fiscal systems
- Adoption of the Bid-round Method (several companies to a block with one as operator)
- Strive to achieve a win-win situation for the investing companies and Somaliland.
- HSE (HEALTH SAFETY & ENVIRONMENT).
TAKEN VERY SERIOUSLY.

Petroleum Law

(in general terms)

- It provides the legal framework for Somaliland to manage its petroleum resources.
- The Somaliland government under the petroleum law will be represented by MW&MR.
- Petroleum law contains all the provisions necessary for negotiation of petroleum agreements.
- The law provides the government to determine its policy as it sees fit.
- Government will have the legal basis to provide for standards of safety and environment.

Petroleum Sharing Contract Model

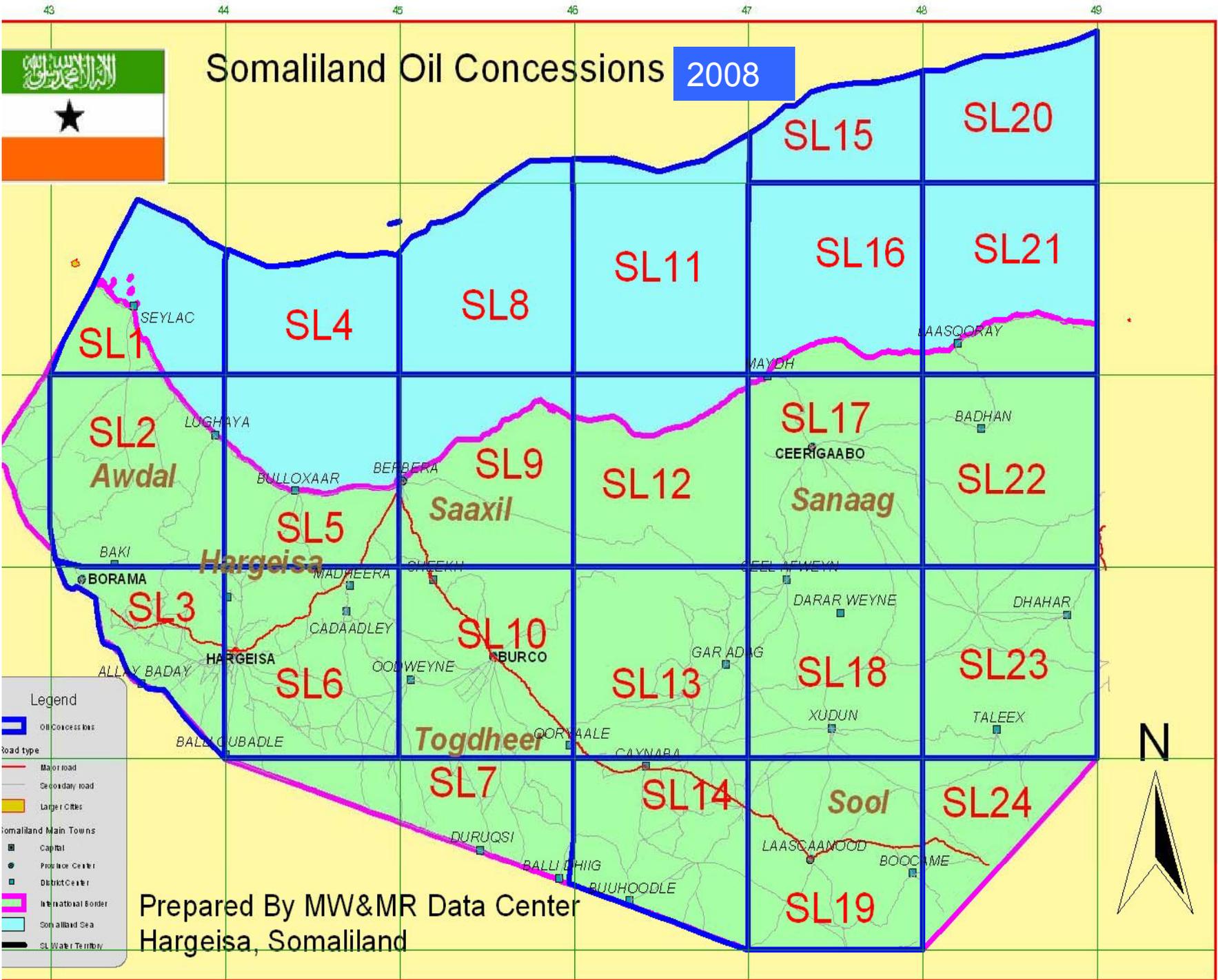
- Somaliland PSC model is based on production sharing arrangements.
- Typical PSC will contain with the appropriate elaborations of the following main points
 - Ownership of the natural resources
 - Roles, responsibilities, rights and obligations of the concerned parties.
 - Work commitment and relinquishment plan
 - Rental fees
 - Royalty fees
 - Petroleum tax, profit oil sharing and cost recovery
 - Financial commitment with a bank guarantee in the exploration phase.
 - Corporate guarantee
 - Community development programmes
 - Health, Safety and Environment (HSE)
 - Force majeure
- Somaliland PSC model is providing incentives for the petroleum investors on win-win bases.

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Resizing of Blocks

- New block system based on a longitude and latitude grid will define the block.
- Size of one block is one degree square.
- A block will be awarded to a minimum of two companies with one being an operator.
- State will have a stake of (10-20)%.
- Adoption of production sharing agreement (PSA) concept.

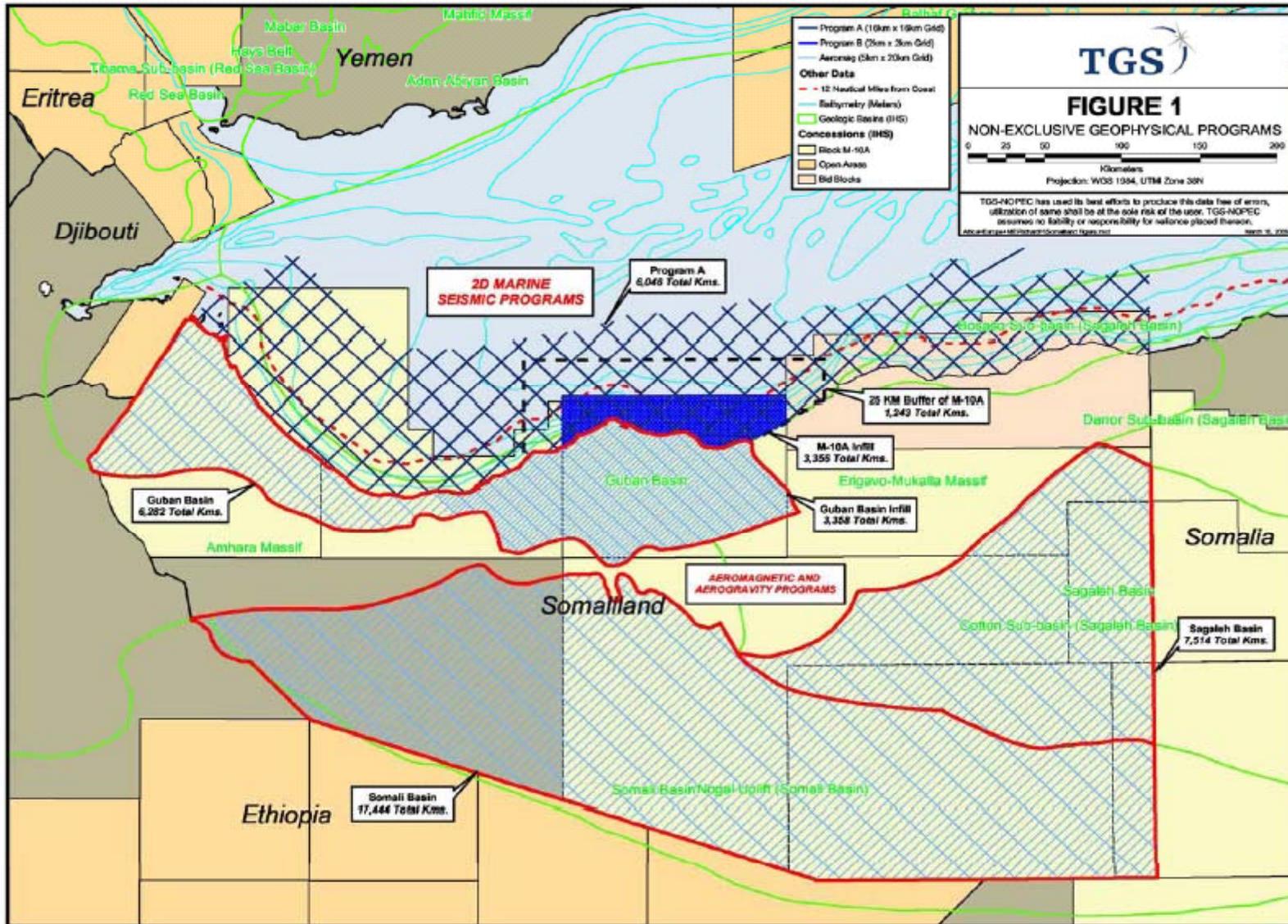


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Recent & Current Activities

- Somaliland is actively seeking international E&P companies to apply for Blocks in Somaliland.
- TGS-NOPEC acquired 6500 km 2D offshore seismic.
- A country-wide aeromag survey covering 34500 Kms was successfully conducted recently by TGS.



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UPCOMING HIGHLIGHTS

- A road-show arranged by TGS is planned to take place in London and Houston-Texas on 18th and 20th November 2008 respectively .
- Somaliland's first bid-round will be announced during the road-show.
- Both onshore & offshore blocks will be on offer.

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ACKNOWLEDGEMENT

- The Ministry of Water & Mineral Resources would like to thank TGS for a job well done.



Waa Mahadsantiin
Thank you