



Kenya: Government to Invite Bids for \$3 Billion Crude Oil Pipeline

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Summary

The Government of Kenya has unveiled plans build a crude oil export pipeline from the recent discoveries in Turkana. GoK plans to invite international bids for the design and construction of a crude oil pipeline linking the oil fields in Turkana and the Port of Lamu.

Tullow Oil PLC has recently made oil discoveries in the remote Turkana area, the first for Kenya. Commercial quantities are estimated to be up to 600 million barrels per day out of seven wells already drilled. The Government of Kenya is looking at prospective investors to submit engineering, procurement and construction (EPC) models as well as their financing arrangements. Although the tenders will be awarded at a much later stage, it is envisaged that the project will be on a PPP structure.

The Kenya pipeline is expected to cost about \$3 billion and would be laid along the Lamu Port-South Sudan-Ethiopia Transport (Lapsset) corridor from Turkana to Lamu, a distance of 1500km. In the second phase, the line will be linked to the Uganda oil fields and later extended to South Sudan and Ethiopia. Energy sector experts who have welcomed the developments would prefer a private sector-driven deal with government approval to ensure speedy construction.

For the Kenyan economy, the pipeline is a major step forward making it the oil sector hub in Eastern Africa. Once completed, it will generate a significant influx of capital coming in from oil export revenues. This will help diversify the country's export earnings and provide needed capital for infrastructure spending.

Highlights in the pipeline bid:

- **Cost:** \$3 billion estimate. Government expected to authorize construction by 2016 at the latest.
- **Distance from Lamu to Turkana:** 1000 miles (1500km); pipeline length to be known after submission of proposals
- **Viability:** Current estimate is 600 million barrels per day
- **Time frame:** Commercial production expected to begin in 2017, five years after discovery was made.

For More Information

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