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FINANCIAL TIMES

October 8, 2015 5:41 pm

# Tullow regains Gabon licence with prime minister's help

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Tullow Oil has regained a licence in west Africa after David Cameron, the prime minister, intervened personally to resolve a year-old dispute over an oilfield stake.

On Thursday, Tullow revealed that it had successfully negotiated to extend its licence to drill for oil in Gabon, having been frozen out by the government there for 18 months.

A deal to give Tullow back its 7.5 per cent stake in the onshore Onal field only came after David Cameron wrote to Ali Bongo Ondima, president of Gabon, to plead on

behalf of the UK company. Mr Cameron also offered aid to the president to support his battle against elephant poachers.

Aidan Heavey, Tullow's chief executive, said on Thursday: "I am very pleased that this deal has been agreed which guarantees Tullow's long-term future in Gabon. We have had operations in Gabon for over 10 years and I look forward to investing further in Gabon over the coming decades."

Tullow found itself in dispute with Gabon after negotiating for an extension to its licence at the beginning of 2014. Etienne Ngoubou, the oil minister, locked the company out of negotiations at the time – effectively expropriating the British company's 7.5 per cent stake.

During the negotiations, Tullow offered improved terms for a licensing deal more than once. People close to the company also say that, while Mr Cameron's intervention was "helpful", a more significant factor had been the offer of a payment to the government. Tullow also gave up its claim to revenues from the field while the negotiations were continuing, meaning its interest in the field recommences as from August this year.

Tullow's shares closed up 1.5 per cent on Wednesday.

Analysts at Barclays said: "The renewal . . . is a relatively low-impact event, but does underline management's ability to work with African governments to secure and retain upstream assets. Although the agreement does not allow Tullow to backdate production from the field before August 2015, the impact on 2015 net production is limited."

News of the licence also comes days after Tullow successfully negotiated with its banks to keep its \$3.7bn lending line available, despite the falling value of its assets. Since that deal was first reported, the company's shares have risen 55 per cent.

Mr Cameron's role in helping to regain the Gabon licence is a further indication of the way Conservative politicians have put trade at the heart of their foreign policy, since coming into government in 2010. Before the prime minister wrote his letter, Foreign Office officials had contacted the Gabon government multiple times over the issue.

Downing Street did not respond to a request to comment.



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