

You are here: [Home](#) / [URN Blog](#) / [Govt Statement on Kingfisher Production License](#)

Govt Statement on Kingfisher Production License

September 26, 2013 | 1 Comment | 300 Views

via Petroleum Exploration and Production Department

INTRODUCTION

1. It is with pleasure that I welcome you all to this press conference on the Kingfisher Production License.
 2. On 16th September 2013, Government of Uganda lifted the condition on the Production License for the Kingfisher (Kajubirizi) Discovery that was issued on 3rd February 2012. This marks an important milestone in the progress of Uganda's Oil and Gas Sector. The Kingfisher Production License is the first oil and gas production license to be issued in the country. You will recall that oil companies have in the past been granted Exploration licences to undertake exploration for oil and gas in the country. It is an achievement for the oil and gas sector and the country at large that the efforts carried out under the tenure of the Exploration Licences in the country are now maturing into the development phase of the petroleum value chain and progressing towards production.

BACKGROUND

3. Ladies and Gentlemen, the Albertine Graben, which is the most prospective area for petroleum production in Uganda, is currently subdivided into seventeen Exploration Areas (EAs). Four of these (EAs 1, 1A, 2 and Kingfisher Development Area) are licenced to four oil companies namely; Tullow Uganda Operations Pty Limited, Tullow Uganda Limited, Total E&P Uganda B.V. and CNOOC Uganda Limited. These companies hold the four licences in joint partnership and have rights to undertake petroleum exploration, development and production in these areas.
 4. The Kingfisher Development Area is jointly licenced to Tullow Uganda Limited, Total E&P Uganda B.V. and CNOOC Uganda Limited with each having equal shareholding. Government plans to participate in this license with a 15% interest and this participation will start upon commencement of production.
 5. As referred to above, a conditional production license over the Kingfisher Field was issued to Tullow Uganda Limited during February 2012. The condition was for the licensee to submit an amended and restated Field Development Plan (FDP) and Petroleum Reservoir Report (PRR) acceptable to Government, in accordance with the Petroleum Act and International Petroleum Best Practices. Subsequent to Tullow's farm down of 66.6% of its assets in the same month, CNOOC Uganda Limited was appointed and approved as operator of the Kingfisher Discovery Area.
 6. On 12th November, 2012, CNOOC Uganda Limited submitted a revised Field Development Plan and Petroleum Reservoir Report to Government which have been extensively reviewed. The Field Development Plan and Petroleum Reservoir Report were agreed and the condition on the grant of this Production License lifted thereby marking the entry of Uganda into the development phase of the Petroleum Value Chain. Uganda is indeed on a steady and sure path towards commercial production of its oil and gas resources.

FIELD DEVELOPMENT OVERVIEW

7. The in-place oil in the Kingfisher field is estimated at an average of 635 million barrels, of which 196 million barrels are estimated to be recoverable. The field will be developed to produce between 30,000 – 40,000 barrels of oil per day (bopd). This production rate will be firmed up by further studies which will be undertaken during the development of this field. This planned production is expected to be achieved by drilling forty (40) development wells which will include 27 producers and 13 injectors.
 8. The production of oil from the Kingfisher field will also lead to production of associated gas. Some of this gas will be used to generate electricity for operating the facilities in the field. CNOOC Uganda Limited will undertake studies to determine the optimum solution for the utilisation of the gas that will not be used to generate power for the operations in the field (excess associated gas) and the options to be studied will include:

- (i) Transportation of the excess gas to Kabaale refinery area for power generation;
- (ii) Setting up of facilities to produce liquefied petroleum gas (LPG); and,
- (iii) Onsite generation and export of power from the Kingfisher field.

The most technically feasible and economic option will be adopted for the utilisation of the excess associated gas.

9. During the exploration phase which led to the discovery of the Kingfisher field, Environmental Impact Assessments (EIAs) were undertaken for the respective activities like seismic surveys and wells, as required by the National Environment Act, 1995. Going forward into the development phase, an Environmental and Social Impact Assessment (ESIA) will be undertaken that will cover; drilling and production operations, central processing facilities, together with pipeline and power routes. The ESIA will assess all the project stages including construction, operation and decommissioning. Emergency response planning for the Field will be done with its priorities on the safety of people, preservation of the environment and minimization of asset losses. An Oil Spill Contingency plan for the Field will also be prepared for the drilling operations as well as the construction and production phases.

10. Developing the Kingfisher field is estimated to cost over US\$ 2.0 billion to be spent over the development period of 4 years. This cost will cover; pre-development activities including Front End Engineering and Design (FEED), Engineering Procurement and Construction (EPC) selection, ESIA, and land lease acquisition; Facilities including Central Processing Facility (CPF), pipelines, access roads to facilities in the field, Airstrip, and permanent camp; Development wells; and an Abandonment fund.

DEVELOPMENT OF SUPPORTING INFRASTRUCTURE

11. Ladies and Gentlemen, you are aware that the Kingfisher field is located in Buhuka Parish in Kyangwali sub-county, an area which is currently only accessible by going over Lake Albert. I am glad to inform you that as part of the development of the Kingfisher oil field, a 7 kilometre road from Ikamiro Village to Buhuka Parish in Kyangwali Sub-county, Hoima District, will be constructed.
 12. In addition to road construction, there will be need to evacuate the crude oil upon commencement of production. The development plan provides for this evacuation to be done by pipeline. A 50km crude oil pipeline will therefore be constructed from Buhuka to the Kabaale refinery area.
 13. You will all recall that in driving the country towards oil production, Government policy is to develop a refinery in country to process the crude oil and produce petroleum products. Acquisition of land for the refinery and procurement of a lead investor for the development of the refinery are on-going. The plan is to develop a 60,000 barrels of oil per day refinery starting with 30,000BOPD refinery which will be in place by 2017/18. Government is also in discussions with the licensed oil companies regarding the development of a pipeline to export the crude oil not used by the refinery.
 14. Therefore, as CNOOC Uganda Limited takes forward development of the Kingfisher field towards production of oil, Government will also be taking forward development of the refinery and other attendant infrastructure so that both projects can be completed at the same time and the crude oil produced from this field can be refined to produce petroleum products for the country.

FIND US ON SOCIAL MEDIA



NATIONAL PERSPECTIVE

Countrywide
UBC Radio: 8am, Sun

Kampala
Dembe FM: 10am, Sat
Power FM: 11am, Sat
More

BENEFITS TO THE LOCAL AND BUSINESS COMMUNITY

15. As indicated above, the development of the Kingfisher field will be preceded by construction of an access road to Buhuka parish. This means that for the first time, the residents of Buhuka will have road access to the rest of Hoima District and the country at large. This will, among other things, lead to improvement in the value of their produce due to the enhanced access to the market.

16. You are also aware that the country has adopted laws which promote the participation of Ugandans and Ugandan entrepreneurs in the country's oil and gas sector. In this regard, CNOOC Uganda Limited will endeavour to maximise the utilisation of Ugandan companies, personnel and resources in supporting the development and production operations of the Kingfisher oil field. The company will also motivate non-Ugandan companies who will be sub contracted for this development to use Ugandan goods and services by incorporating National Content requirements into their tendering process as well as encouraging joint ventures or consortiums with local companies.

CONCLUSION

17. Ladies and Gentlemen, I wish to conclude by commanding and congratulating the technical staff in this Ministry and those from the other ministries of Government together with our partners from CNOOC Uganda Limited for all the work that has gone into concluding the Field Development Plan and Petroleum Reservoir Report for the Kingfisher oil field.

18. I wish to also reassure our partners from the industry, all stakeholders in the oil and gas sector, and all Ugandans that Government is committed to developing this sector in an efficient and effective manner to the benefit of all Ugandans.

THANK YOU.

FOR GOD AND MY COUNTRY.

HON. PETER LOKERIS (MP)

MINISTER OF STATE FOR MINERAL DEVELOPMENT ALSO HOLDING THE PORTFOLIO OF THE MINISTER OF ENERGY AND MINERAL DEVELOPMENT

25th SEPTEMBER, 2013

IN : [URN Blog](#)

[CNOOC](#)

[first petroleum production licence](#)

[oil and gas industry](#)

[oil and gas sector in uganda](#)

[oil in uganda](#)

[oil infrastructure uganda](#)

[petroleum industry in uganda](#)

< PREVIOUS ARTICLE

[Kony, Museveni – The Great Lakes' Only Star Kids On the Block](#)

NEXT ARTICLE >

[Of Uganda's Missing Culture and Vague National Values](#)

ABOUT THE AUTHOR



Patience

Website: <http://www.ugandaradiionetwork.com>

Social links:



RELATED ARTICLES

National Perspective Vol 155: Where are skilled workers for the Oil Jobs in Uganda (Audio-English 30min)

February 16, 2015

National Perspective Vol.016: Oil Exploration in Uganda; How Do We Position Ourselves to Benefit? (Program summary)

January 12, 2012

National Perspective Vol.039: Will Ugandan Technicians Get Oil Jobs? (program summary)

June 29, 2012

National Perspective Vol.016: Oil Exploration in Uganda; How Do We Position Ourselves to Benefit? (audio 30mins)

January 16, 2012

Melissa McCarthy Says Her Goodbyes At 45

Messages pour in after fans realize she's gone...

[Learn More](#)

Sponsored by Womens Generation

1 Comment Uganda Radio Network

[Login](#)

Recommend

Share

Sort by Best



Join the discussion...



Joe • 3 years ago

Hmm, interesting. Issuing a production license that was issued in Feb last year. I hope they don't 'issue' it again in 2016!

[^](#) [v](#) [• Reply](#) [• Share](#)

[Subscribe](#) [Add Disqus to your site](#) [Add Disqus Add](#) [Privacy](#)

Miranda's Revenge

Blake dumps Gwen after Miranda showed him what he's missing!

[Learn More](#)

Sponsored by EnStarz

[Full credits](#) | [Privacy Policy](#) | [Terms of Service](#)