

# Oil-Infrastructure Damage Cuts Output Further in South Sudan

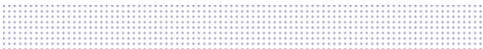
**Okech Francis**  
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Oil output in South Sudan declined to as little as 120,000 barrels per day because of damage caused by a 2 1/2-year civil war to production facilities, Petroleum Minister Dak Duop Bischook said.

The only crude being produced in the East African nation is at Paloch in Upper Nile state, Bischook said in an interview Wednesday in the capital, Juba. Oil companies are working on bringing facilities back on stream with the aim of boosting output by July, he said.

“This is a challenge and people are working on it,” Bischook said. “The repairs will cost a lot and it is the companies operating there which will do it.”

Oil production in South Sudan, which has sub-Saharan Africa’s fourth-largest proven reserves, has dropped from at least 350,000 barrels a day that the country was producing in 2011, when it seceded from neighboring Sudan. Its low-sulfur crude is prized by Japanese buyers as a cleaner-burning fuel for power generation.



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The country shut down production facilities and foreign oil workers were forced to leave when conflict erupted in the country in December 2013, cutting production to about 160,000 barrels. That’s helped spur an economic crisis, with inflation surging to 266 percent last month, the highest official rate in the world, and recent dollar shortages triggering the closing of businesses, including a brewery owned by SABMiller Plc.

## Pipeline Links

Before the war began, China National Petroleum Corp., Malaysia’s Petroliam Nasional Bhd. and India’s Oil & Natural Gas Corp. pumped most of the oil. The country previously produced crude mainly in two areas -- Upper Nile and neighboring Unity state.

There’s currently no production in Unity, with only pipelines from the wells in working condition, Bischook said. South Sudan exports all of its crude through a pipeline that traverses neighboring Sudan to an export terminal at Port Sudan.

South Sudan’s warring factions last month formed a transitional government to try and end the war that has

left tens of thousands of people dead and forced 2 million more to flee their homes. Oil production will increase steadily if the situation in the country remains stable, Bischok said.

### Sudan Negotiations

“If peace is there, there is no problem, we will reach 300,000 barrels,” he said. “In July, production should increase.”

The government is also continuing to negotiate with Sudan over the fees it pays to ship its oil to Port Sudan, and has been in contact with neighboring Kenya about an alternative pipeline, Bischok said. Kenya plans to build a conduit from its northern region, where Tullow Oil Plc has found deposits that may contain 1 billion barrels of oil.

“Soon we will go to Khartoum and continue the negotiation on the fees,” he said. “I got a proposal of \$12 dollars for a barrel and this is what we will continue negotiating. The alternative pipeline is still in the program with Kenya and we are yet agreeing on the terms.”



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