



Nana Akufo-Addo, Ghana's president, speaks during the Bloomberg Global Business Forum in September 2017.

Photographer: Misha Friedman/Bloomberg via Getty Images

## News



# Exxon Mobil Searches for Black Gold Along Ghana's Coast

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By Diosa B.G. Woods

- *Resolution of territorial dispute with Ivory Coast restarts Ghana's expansion of oil drilling*
- *Exxon Mobil's exploration deal would give some rights to Ghanaian government*

Ghana is moving full speed ahead with its offshore oil exploration now that territorial disputes over the deepwater Tano Basin are resolved, and so is Exxon Mobil Corp.

The company moved to make its first major investment in Ghana's oil sector in January after a years-long dispute between the Ivory Coast and Ghana, over maritime borders crossing lucrative offshore oil fields, was [settled](#) in the International Tribunal for the Law of the Sea last September.

Ghana President Nana Akufo-Addo signed a deal with Exxon Mobil, noting that in

the event oil is discovered, Exxon would hold an 80 percent interest, and Ghana National Petroleum Corporation, the national oil company, would get a 15 percent stake.

Exxon also pledged to work with the government to identify an indigenous Ghanaian company to potentially hold the remaining 5 percent interest.

The oil fields within the Tweneboa Enyenra Ntomme project on the offshore Tano block are expected to contribute significantly to thermal power generation as the nation weans itself from the West African Gas Pipeline. The Tano Basin potentially holds 8 billion barrels of oil, according to some estimates.

“Ultra-deepwater exploration is beyond the reach of current technology and we believe operators with strong research and development capability such as Exxon are needed to unlock the potentials,” Ghana’s Deputy Minister of Energy Mohammed Amin Adam said last year.

### **Direct Negotiations**

Other companies should be able to participate in competitive bidding, Ghanaian energy sector policy analyst Steve Manteaw said.

Ghana’s 2016 Petroleum and Exploration Act was put into place to prevent back door deals and bilateral agreements, according to Manteaw.

Exxon Mobil had an exclusive exploration trial that was to last seven months, but discussions continued and the government ended up awarding drilling rights to them without even considering letting other companies participate in bidding.

“The agreement is subject to parliamentary ratification according to Ghanaian law. ExxonMobil follows all applicable laws and regulations and has an unwavering commitment to honest and ethical behavior wherever we do business,” Suann Guthrie, operations media manager told Bloomberg Environment in an email. “We look forward to working with the government of Ghana to evaluate and realize the country’s hydrocarbon potential.”

Prior to negotiations, the government put out a notice stating that the reasons for

the direct negotiations were Exxon's technological expertise, resources, and capital to handle deepwater exploration.

"These necessarily do not suggest that Ghana would get the best offer from the company," Manteaw said. "It is when such agreements are pitched against similar companies such as BP, Shell, and the Chinese oil giants among others that the country will obtain the best deal."

## Natural Resources

The sole-source contract is a significant win for Exxon, which has attempted to acquire oil assets in Ghana for some time.

Ghana is rich in natural resources, such as cocoa, gold, timber, diamonds, and minerals, but has few facilities to process them. Once extracted, goods are exported, processed elsewhere, and finished products are imported and sold to local residents at a premium.

"We have to add value to our natural resources," Public Interest and Accountability Committee member Kwame Jantuah said. "This means that we have to expand [TOR](#)[the Tema Oil Refinery] so that we can produce refined petroleum products for Ghanaians." The committee is an independent statutory body that promotes transparency in the Ghana's petroleum industry.

"Apart from selling the refined petroleum products locally, there is big a market for petroleum products for landlocked countries in West Africa," Jantuah added. "Many of the landlocked countries come to TOR for refined petroleum products and so if we expand TOR and refine the crude here in Ghana we can sell more and derive huge revenue."

## Oil Giants Cometh

Companies currently party to agreements in Ghana include the U.K.'s Tullow Oil Plc, U.S.-based Kosmos Energy and Hess Corp., Italy's ENI SpA, and Russia's Lukoil.

Ghana National Petroleum Corporation sees the Exxon Mobil contract as opening

the door to partnership agreements with other oil giants like China National Petroleum Corporation and Aker Solutions ASA, a Norwegian oil services company.

“They are all lined up and very soon we will be announcing them,” GNPC Chief Executive Officer K.K. Sarpong said at the Jan. 18 signing.

Ghanaian Minister of Energy Boakye Agyarko agreed.

“Exxon Mobil is coming in with the highest standard of safety, financial accounting, and all that we need to get done as a country we have received a lot of expression of interests from other major players: the BP, Shell, Chevron, among others,” he said. “All of them are now coming to operate in Ghana.”



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