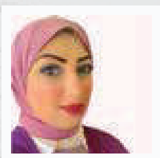
AFRICAN NARRATIVES

The Grand Tortue Ahmeyim LNG Project: A Joint Venture Between Mauritania and Senegal

Author:



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Summary

The Grand Tortue Ahmeyim (GTA) Liquefied Natural Gas (LNG) Project is a landmark joint venture between Mauritania and Senegal, positioned as one of the most significant economic developments in West Africa. The project aims to produce and export LNG from a massive gas field, known as the "Greater Tortue Field," located in the shared maritime border between the two nations.

Situated approximately 120 kilometers offshore, the field holds estimated reserves of over 15 trillion cubic feet of natural gas, making it one of the largest discoveries in Africa. The project is being developed in partnership with leading international energy companies, BP and Kosmos Energy, in coordination with the governments of Mauritania and Senegal.

Key Points

• A Strategic Regional Partnership:

The GTA project represents a model of bilateral cooperation, jointly developing a significant natural resource in a shared maritime zone to serve the economic interests of both Mauritania and Senegal.

• Massive Natural Gas Reserves:

With over 15 trillion cubic feet of natural gas, the field positions both countries as strategic players in the global energy market.

• Collaboration with Global Energy Leaders:

The project is being implemented with major international companies, BP and Kosmos Energy, ensuring the use of cutting-edge production and liquefaction technologies.

Introduction

Despite a global push toward renewable energy, oil and gas resources remain a key component of Africa's energy landscape. With active exploration projects in 48 countries, the continent continues to be a largely untapped frontier for multinational energy companies. The oil and gas sector forms a cornerstone of the economies of many African nations, and Senegal has recently joined the list of oil-producing countries after its first offshore fields began pumping crude in June 2024.

Many African nations are pushing ahead with fossil fuel projects despite international pressure, arguing that the West accumulated its wealth from these resources while Africa disproportionately suffers from the effects of climate change. This paper examines the joint gas production project between Mauritania and Senegal, a development that promises to reshape the economic and energy dynamics of the region .

1 Mauritania & Senegal: Greater Tortue Ahmeyimm, https://2u.pw/4Oxni

I. The Rise of Senegal as an Energy Producer

1. Discovery and Development of Oil and Gas Fields

The discovery of significant oil and gas fields in Senegal's territorial waters between 2014 and 2017 sparked hopes for major economic development. Petrosen, the national energy company, has been working to harness this natural wealth to achieve sustainable growth.

2. The Sangomar Oil Field

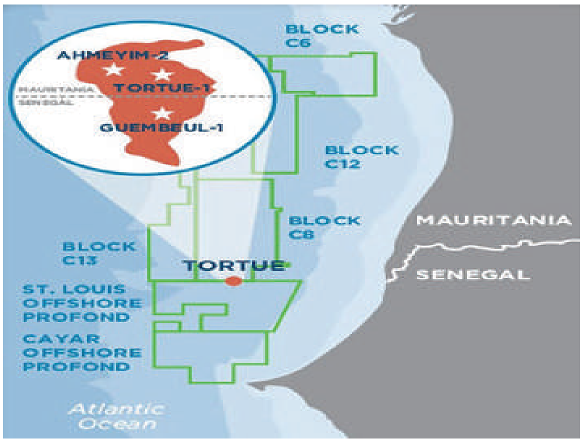
On June 10, 2024, the Australian company Woodside Energy announced the start of production at the Sangomar field, officially marking Senegal's entry into the club of oil-producing nations. While its output is modest compared to major producers like Nigeria, it is expected to provide a significant boost to the national economy .

- **Location:** The floating platform is located approximately 100 kilometers offshore.
- **Capacity:** It has a storage capacity of 1.3 million barrels and aims to produce 100,000 barrels of oil per day.
- **Natural Gas:** The Sangomar field also contains natural gas reserves.
- **Ownership:** Woodside Energy holds an 82% stake, with Senegal's Petrosen owning the remaining 18%.

3. The Grand Tortue Ahmeyim (GTA) LNG Project

The Tortue Ahmeyim gas field, a shared offshore resource between Mauritania and Senegal, was discovered in 2015 by US-based Kosmos Energy. The project is now being developed by a consortium that includes BP, Kosmos Energy, Senegal's Petrosen, and Mauritania's hydrocarbons and mining company (SMHPM).

- **Location:** The field is located 115 kilometers off the coast at a water depth of 2,850 meters, making it Africa's deepest offshore facility.
- **Reserves:** It holds an estimated 25 trillion cubic feet (Tcf) of gas.
- **Ownership:** BP (56%), Kosmos Energy (27%), Petrosen (10%), and SMHPM (7%).
- **Key Agreements:** The two countries signed an agreement to share revenues equally in February 2018, followed by a final investment decision in December 2018 and a gas sales agreement in February 2020.



4. Project Milestones and Production Timeline

In mid-May 2024, a massive floating production, storage, and offloading (FPSO) unit arrived at its final destination on the maritime border, marking a major milestone. With over 92% of the project completed, the platform will be connected to subsea equipment to begin processing gas. The processed gas will then be sent to a floating liquefaction facility located 10 kilometers from the shore.

Production was initially scheduled to begin in early 2022 but was delayed by the COVID-19 pandemic. After several postponements, production from the first well officially commenced on January 1, 2025, as announced in a joint statement by the energy ministries of both countries. This milestone paves the way for the marketing of natural gas in the near future and strengthens the two countries' position in the regional and global energy markets.

Phase One of the project is expected to produce 2.5 million tons of LNG annually, with production ramping up to 10 million tons per year by 2030 .

2 Golar Agrees To Build FLNG Unit for BP's Tortue, https://2u.pw/z5DlC

3 Grand Tortue Ahmeyim Field Boosts Senegal and Mauritania Gas Production, https://2u.pw/A1nmH

II. Other Energy Resources in the Region

The energy wealth of Mauritania and Senegal extends beyond the shared Tortue Ahmeyim field.

1. Mauritania

- **Bir Allah Field:** Estimated to hold 80 Tcf of gas, three times the reserves of the Tortue field.
- **Banda Field:** Located 60 kilometers from Nouakchott, with estimated reserves of 1.2 Tcf.

2. Senegal

- **Yaakar-Teranga Basin:** Holds estimated gas reserves of 140 billion cubic meters, which will primarily serve the local market.

In addition to oil and gas, Senegal possesses significant mineral reserves, including titanium, gold, and zircon. The mining sector is the country's second-largest source of foreign currency, accounting for approximately 20% of total exports.

III. Legislative and Regulatory Framework in Senegal

1. A New Legal Framework

The discovery of oil and gas prompted a fundamental transformation of Senegal's legal and regulatory framework. A constitutional amendment in 2016 was passed to ensure that oil revenues benefit the Senegalese people, and a new oil law was adopted to govern the emerging sector.

2. Renegotiation of Contracts

Senegalese President Bassirou Diomaye Faye has announced plans to renegotiate oil and gas contracts signed by the previous administration. This move presents significant challenges, as investors insist on maintaining the current terms. Legal experts believe that renegotiation is only feasible for future projects, as attempts to alter existing contracts could lead to international arbitration and deter future investment by projecting an image of instability.

A thorough examination of the contractual clauses is essential. While the new president may seek to revise contracts to meet public expectations, he will be bound by existing commitments. This was highlighted in 2023 when BP withdrew from the project, citing pandemic-related losses that Mauritania and Senegal had to absorb due to the absence of contractual provisions covering such situations.

IV. Recommendations for Senegal's Energy Sector

To navigate the opportunities and challenges of its emerging energy sector, Senegal should consider the following recommendations:

1. Reassess LNG Development in Light of Global Demand: To avoid the negative impacts of revenue volatility, the government should diversify its income sources and adopt prudent fiscal policies.

2. Prioritize Clean Energy Development: To enhance environmental and economic sustainability, Senegal should increase investment in renewable energy and energy efficiency, adopting policies that promote a transition to a low-carbon economy.

3. Redirect Public Spending to Strategic Projects: A portion of LNG revenues should be allocated to funding strategic priorities through the Sovereign Strategic Investment Fund (FONSIS) or earmarked for capital investments with long-term benefits.

4. Minimize Environmental and Social Risks: Ensure meaningful local community participation at all stages of LNG projects through continuous dialogue and transparent decision-making.

5. Diversify the Economy: To mitigate the risks of fossil fuel price fluctuations, the country must invest in other promising sectors, such as agriculture, tourism, and manufacturing.