

# Understanding Sudan

## A Teaching and Learning Resource



### Fact Sheet Nine: The Main International Oil Companies Present in Sudan

There are over eight two companies involved in oil production in Sudan, from countries as various as France, Thailand and the United Arab Emirates, and this brief survey cannot give descriptions of all of them. Instead, it will profile the main eight companies present in Sudan today, and two of the previous companies that were operative in Sudan, and important in its history.

#### China National Petroleum Company (CNPC)

The CNPC is the largest agent operative in the Sudanese oil industry, with the operative stake in six of the eight oil fields currently online (1,2,3,4,6,7) and with majority interests in two more blocks currently in the exploration phase (13 and 15). It is a Chinese parastatal.

CNPC entered Sudan in 1996, when it signed an exploration and production sharing agreement of the type outlined in fact sheet five, for Block 6. It had a 95% stake (with Sudapet having a 5% stake) in the block – which is in Kordofan and South Darfur until February 2009, when it acquired 100% of the Block. In 1996, it gained a 40% stake in the Greater Nile Petroleum Operating Company (GNOPC) consortium, which operates Blocks 1,2 and 4 (the most productive blocks in Sudan today), and in 2000, acquired a 41% stake in the Petrodar consortium which operates blocks 3 and 7. In 2005, the Red Sea Operating Company, in which CNPC has a 35% stake, gained rights to block 15, an offshore block in North-East Sudan. In 2007, it acquired a 40% stake in Block 13, adjacent to Block 15. Look on your maps – can you find these Blocks?

CNPC is also active in oil field services and construction. It completed the pipeline from Heglig to Port Sudan, and the pipeline from the Melut Basin (blocks 3 and 7) to Port Sudan. CNPC, along with Petronas, are also the main marketers of Dar Blend crude, the worse quality of the two crudes exported by Sudan – rights it acquired in 2008.

As a state run company, it is also a proxy for Chinese state interest in Sudan, supporting many of the 14+ oil projects that China has been involved in. At present, CNPC faces a number of risks in its work. In October 2007, the Justice and Equality Movement (JEM), one of the leading Darfur rebel groups, attacked block four, kidnapping five oil workers. In October 2008, nine CNPC workers were kidnapped by an unknown armed group at Heglig oil field. The kidnappers claimed they wanted China to leave Sudan because it worked with the government.

## **Petroleum Nasional Behad (Petronas)**

Petronas is Malaysia's state oil company, and one of the major players in Sudan's oil industry. It entered Sudan's oil industry by acquiring a 30% stake in GNOPC, which, as stated above, controls blocks 1,2 and 4. In 1997, they acquired a 28.5% stake in Block 5A, which increased to 69% when Lundin sold its stake to Petronas in 2003. It then acquired a 41% stake in Block 5B in 2001. Exploration on this field began in February 2008, though, as of May 2009, all three exploratory drills have been found to be dry. The Government of South Sudan has raised concerns about these explorations, as they take place in the largest freshwater wetland in the world, and little environmental assessment has thus far been carried out. In 2007, the Sudan Tribune reported that "South Sudan's Vice President Riek Machar expressed serious concern about the company's practices: "I was not happy with what I saw.... The way they handled the water associated with the oil, the use of chemicals used in exploration, and the roads constructed blocking the flow of streams without bridges or culverts is a concern."

In 2003, Petronas acquired a 77% stake in Block 8, and in 2004, Petrodar – in which Petronas has a 40% interest – signed a contract with the Sudanese government to develop Blocks 3 and 7. It also has a 35% stake in Block 15, through the Red Sea Petroleum Operating Company. It was equally engaged in expanding the refinery capacity at Port Sudan, though given the change in the world oil market, this project has been suspended as of 2009.

## **Oil and Natural Gas Corporation Limited (ONGC)**

ONGC is an Indian parastatal, with the Indian government having a 90% operating stake in the company. Its operations in Sudan are run through ONGC Videsh Limited (OVL). When Talisman decided to sell its stake in GNPOC in 2003, OVL acquired its 25% stake. In addition, in 2004 OVL gained rights to two more blocks: a 24% stake in Block 5A, and a 23.5% stake in Block 5B – both of which are operated by the White Nile Petroleum Operating Company consortium (WNPOC). As with Petronas, the government of Southern Sudan and various NGO's has expressed concern with ongoing exploration in 5A and 5B, taking place, are they currently are, without a detailed environmental evaluation. In April 2009, OVL announced that it would sell its share in Block 5B, after the Southern Sudanese authorities allowed the Moldavian company Ascom to drill in the area, in what OVL claimed was a situation in contravention with the resolution taken by the National Petroleum Council (NPC).

## **Lundin Petroleum**

Lundin is a Swedish company which acquired an operating stake in block 5A of 40% in 1997. It sold this stake in 2003 to Petronas. Lundin has acquired notoriety in Sudan after a 2003 Human Rights Watch report claimed that Lundin had been willfully blind to violent displacements carried out by the Sudanese government to clear land for Lundin's oil activities. Following an outcry in Sweden, Lundin sold its stake. In 2009, Lundin's role in Sudan's oil is limited to a non-operator stake of 24.5% in Block 5B, which is operated by Petronas and Sudapet for the WNPOC consortium.

## **Total SA**

Total is a French company that has no current drilling projects in Sudan. Nonetheless, it has owned rights to Block B since 1980. It suspended operations due to the war in 1985, and has retained rights to the Block through an annual payment of \$1 million to the Sudanese government.

There was a dispute between Total and the UK company White Nile Limited (which is different from the White Nile Petroleum Operating Company consortium – WNPOC), as the government of South Sudan had promised White Nile exploration rights in Block B. In 2007, the NPC resolves the dispute in favor of Total. However, Total is carrying out a series of studies of the environment and local community impact assessments, and has warned it may be some years before drilling begins.

## **Chevron Oil Company**

One of the largest Oil and Gas companies in the world, the US-based Chevron first discovered oil in Sudan in 1979. It pulled out of Southern Sudan after three employees were killed in 1984, and finally sold off all its Sudanese interests in 1992.

## **Arakis Energy**

A small Canadian oil company, Arakis purchased interests in Blocks 1,2 and 4 in 1992, and brought in Chinese, Malaysian and Sudanese partners in 1996 to form the GNOPC. It was purchased by Talisman in 1998.

## **Further Reading**

*Sudan Company Report*. 2009. Sudan Divestment Campaign.