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# The Seychelles Licensing Initiatives

## NAPE

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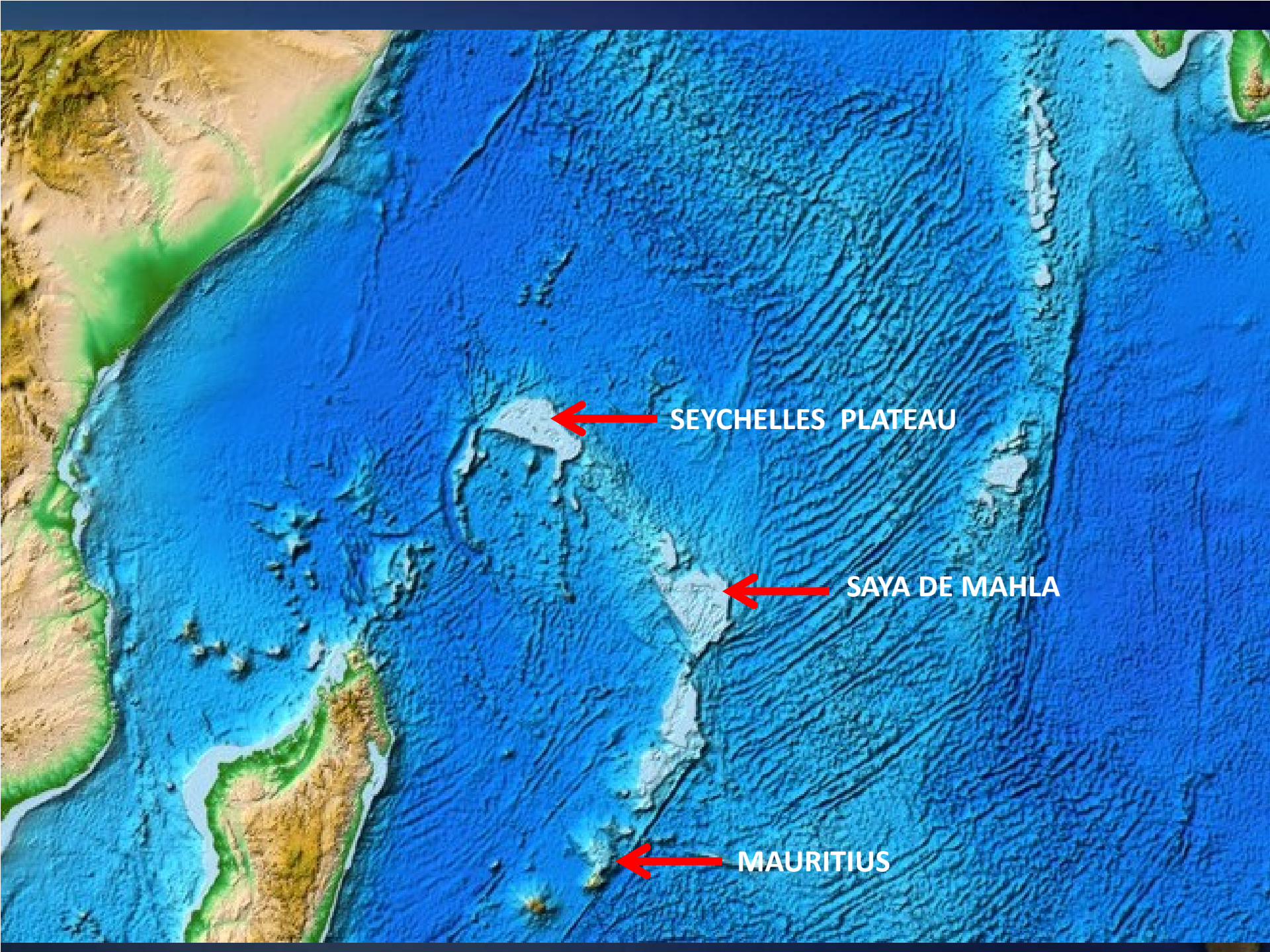
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# *Introduction to Seychelles*



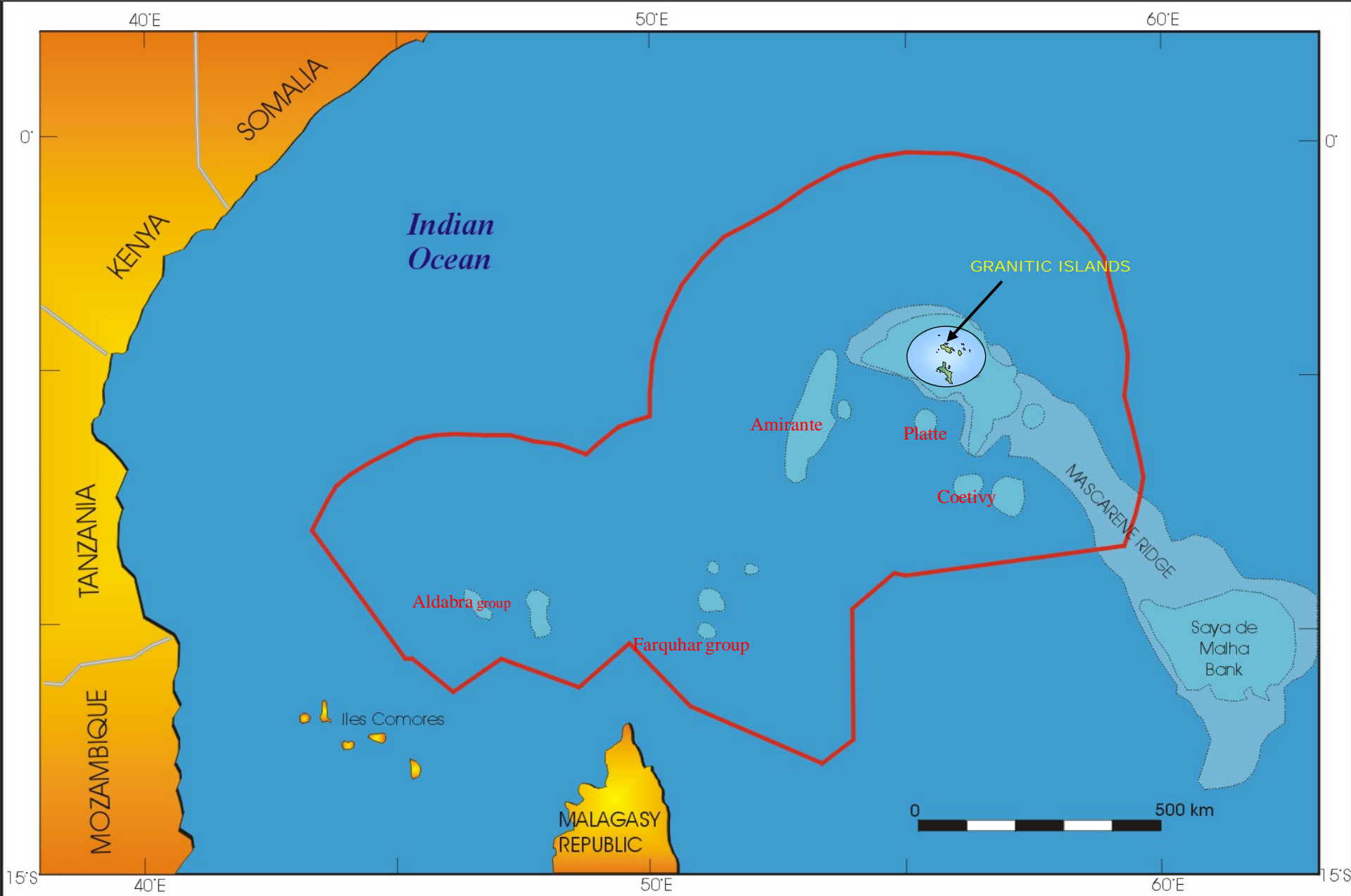


SEYCHELLES PLATEAU

SAYA DE MAHLA

MAURITIUS





EEZ ~ 1.33 million Sq.Km

Land Area = 455 sq.Km



# Important characteristics of the country



**The islands emerging from the main shallow water of the Seychelles Plateau are rugged, verdant granitic peaks that testify their continental origin as part of the onetime supercontinent of Gondwana**





# Important characteristics of the country

## Tropical Climate

**Seychelles lies outside the cyclone belt and enjoys a stable weather system. Shade temperature of around 25 to 31 degrees Celsius all year round.**





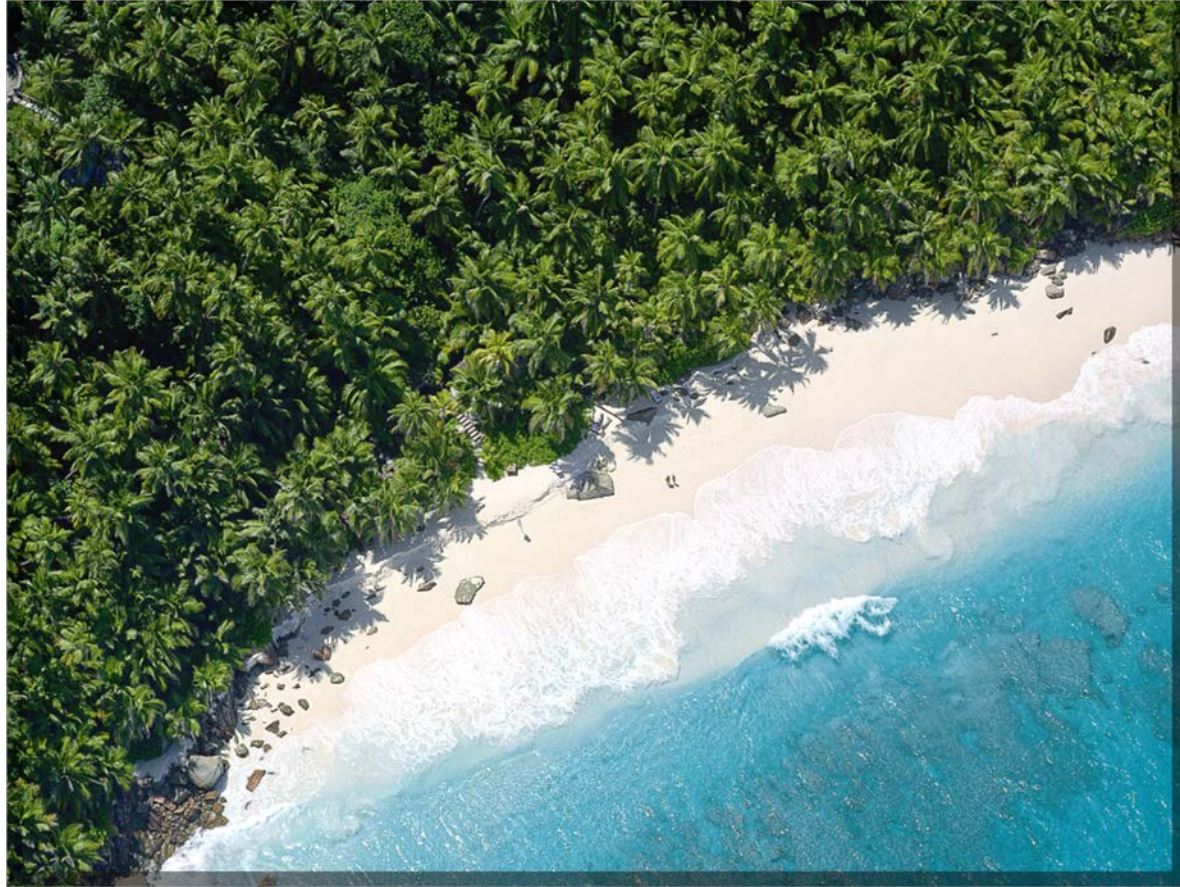
# Important characteristics of the country



**Vast marine resources with thriving fishing industry**



# Important characteristics of the country



- **Established, safe and welcoming high-end tourist destination**
  - **Friendly and well-educated, population of 87,000**





# Introduction to Seychelles



## INFRASTRUCTURE

- Versatile main port, being able to handle modern container ships & large tankers
- Telecommunications (phone, fax, email) are satellite linked with direct dialing to most countries
- International airport visited regularly by international flights from Europe, South and East Africa, the Middle East and Southeast Asia

## Health

Seychelles has a healthy environment, being free of malaria, yellow fever and other contagious diseases, and no vaccination certificates are required except from affected areas as recommended by W.H.O



# THE PETROLEUM SECTOR

- Currently there is no production and no refinery in Seychelles.
- PetroSeychelles is the arm of the Government that oversees the Upstream Petroleum Sector.
- Seychelles Petroleum Company (SEYPEC), is also government owned and its operations are in the downstream sector.



# PetroSeychelles

*PetroSeychelles is a Government owned entity, created in 2012.*

*The primary objective of PetroSeychelles is to promote and supervise effective and safe oil exploration and development programmes in the Seychelles Exclusive Economic Zone and also to advise Government on upstream petroleum related matters.*







# Geological background



*Unique by a thousand miles*

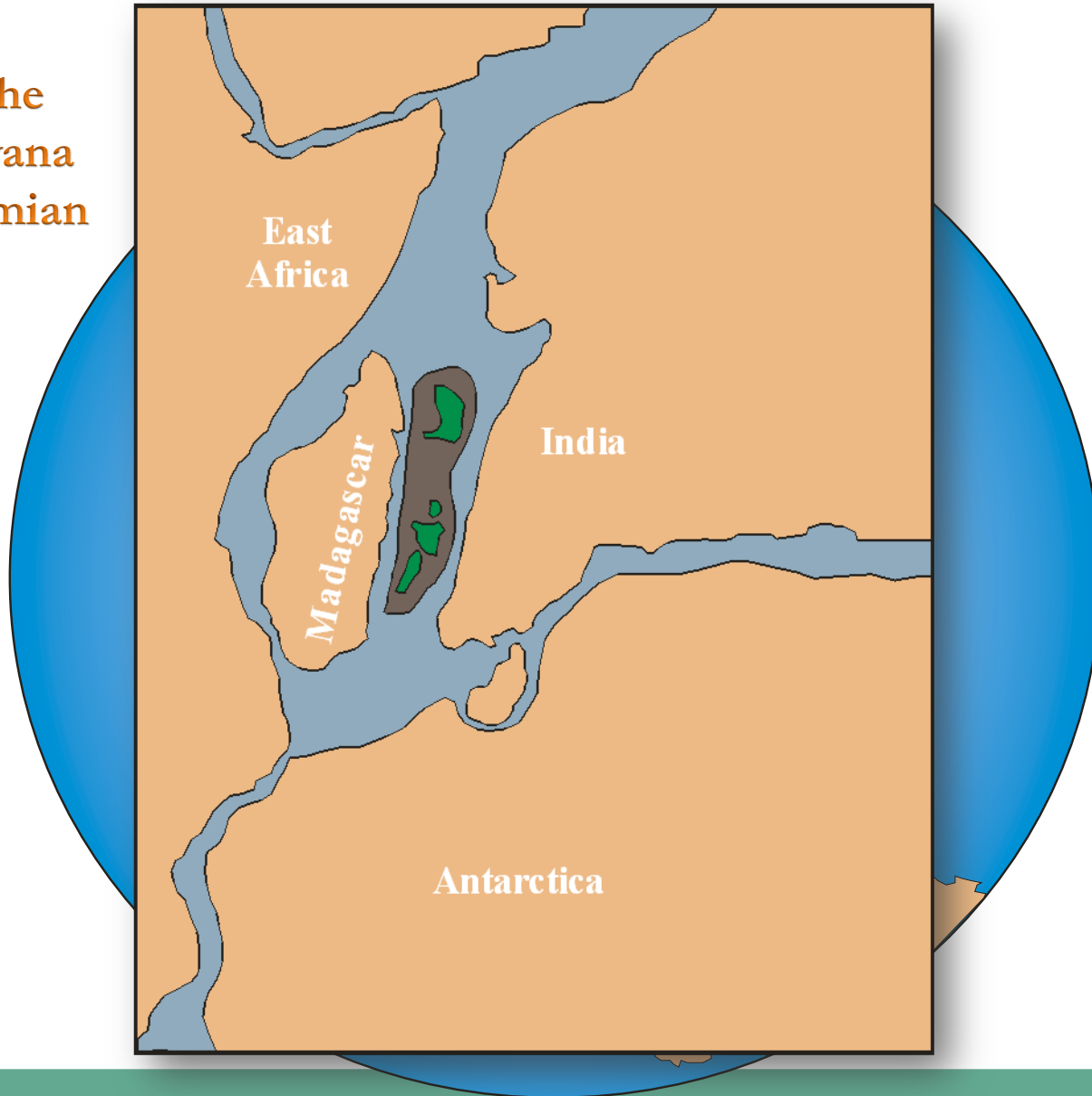


**750,000,000 years old**



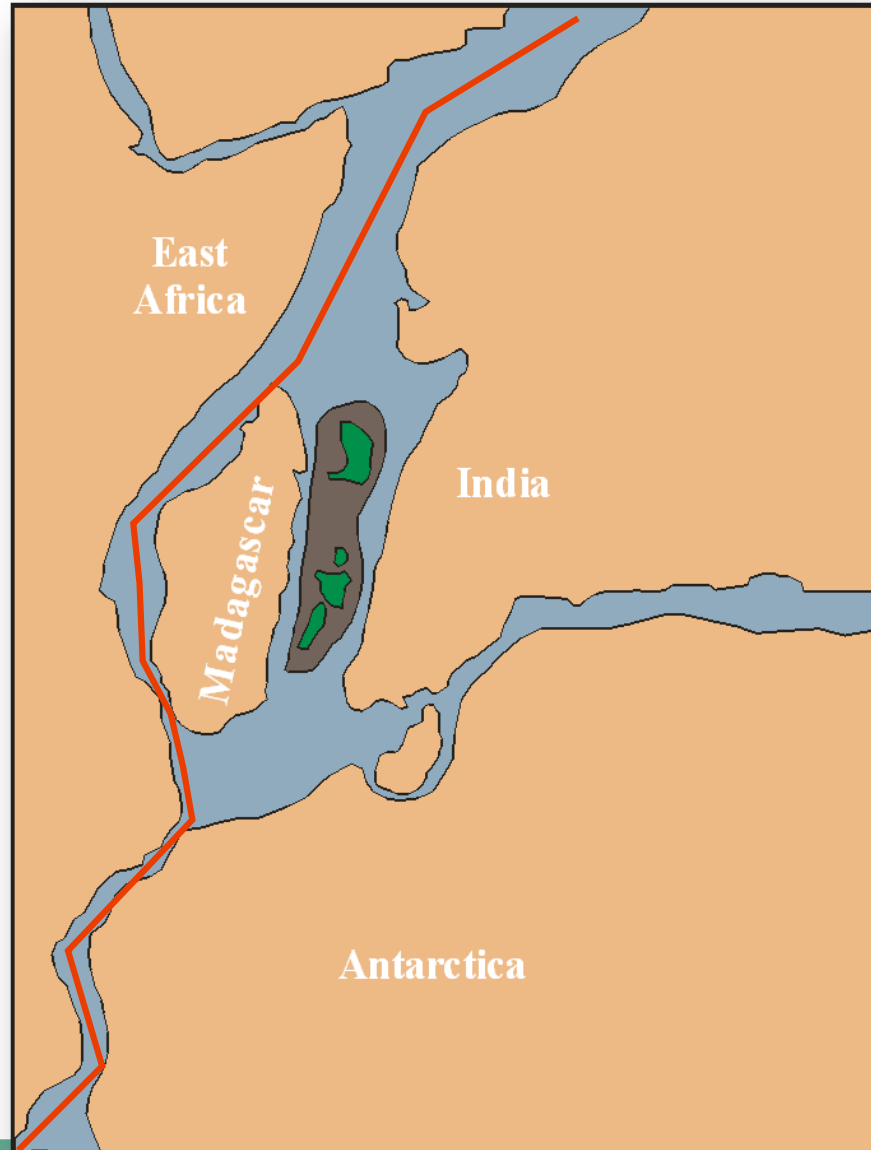
# Tectonic Evolution

Seychelles at the heart of Gondwana in the Early Permian (300 Ma)



# Tectonic Evolution

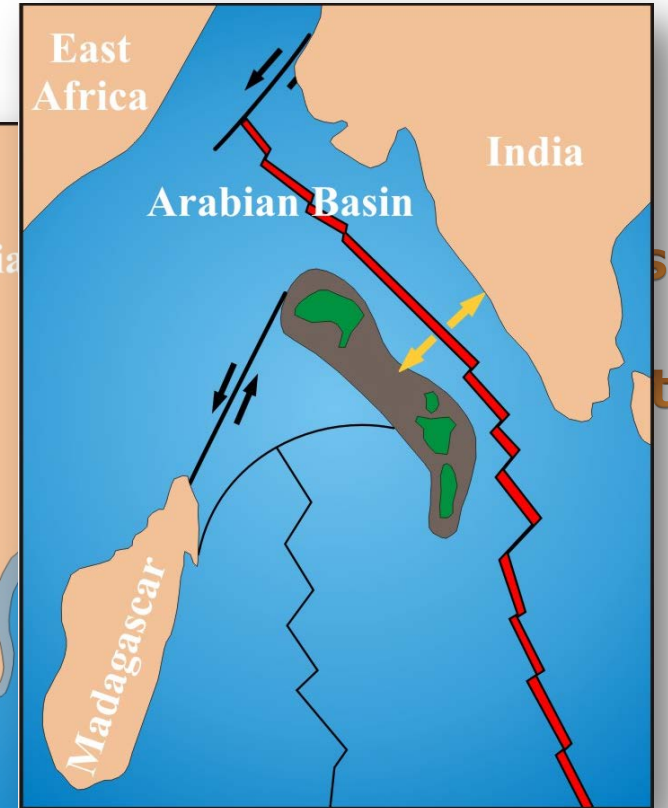
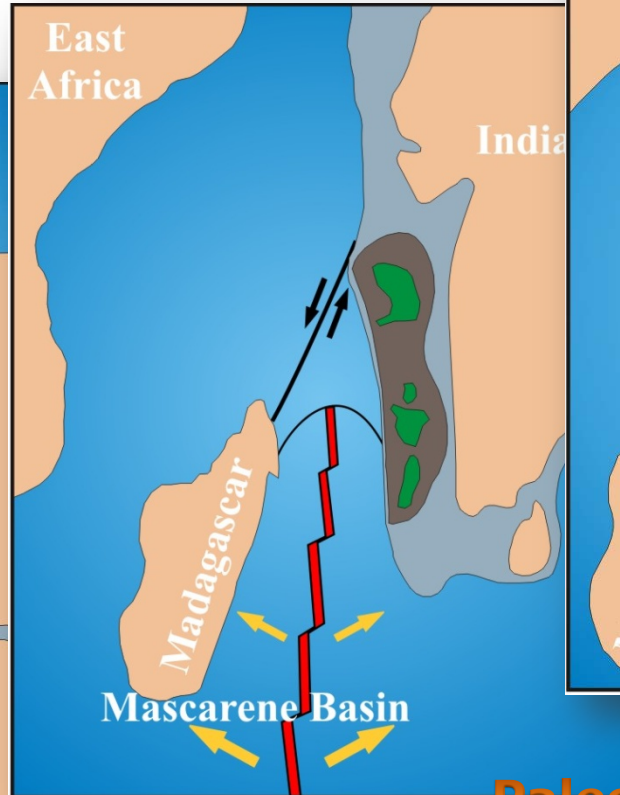
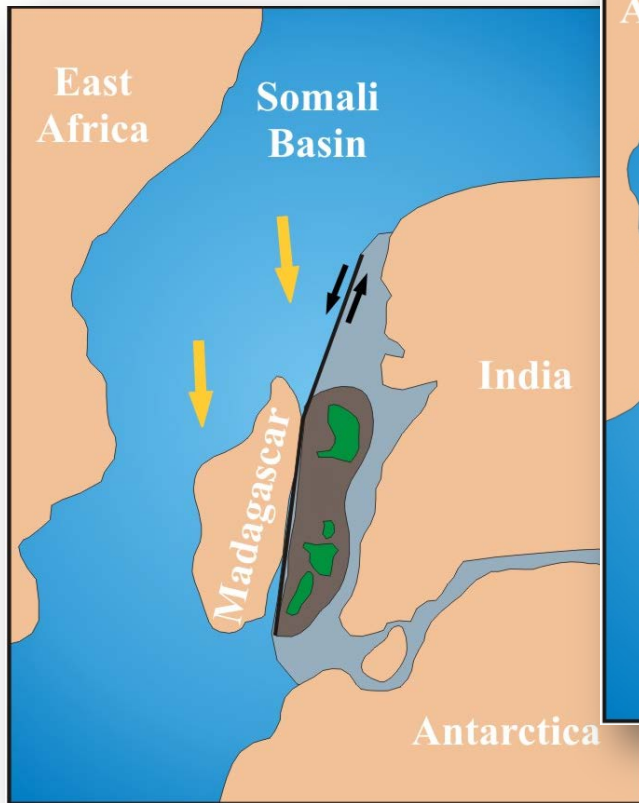
Initiation of Rifting  
Leading to the Eventual  
Cleavage of East and  
West Gondwana during  
Early Permian (225Ma)





# Tectonic Evolution

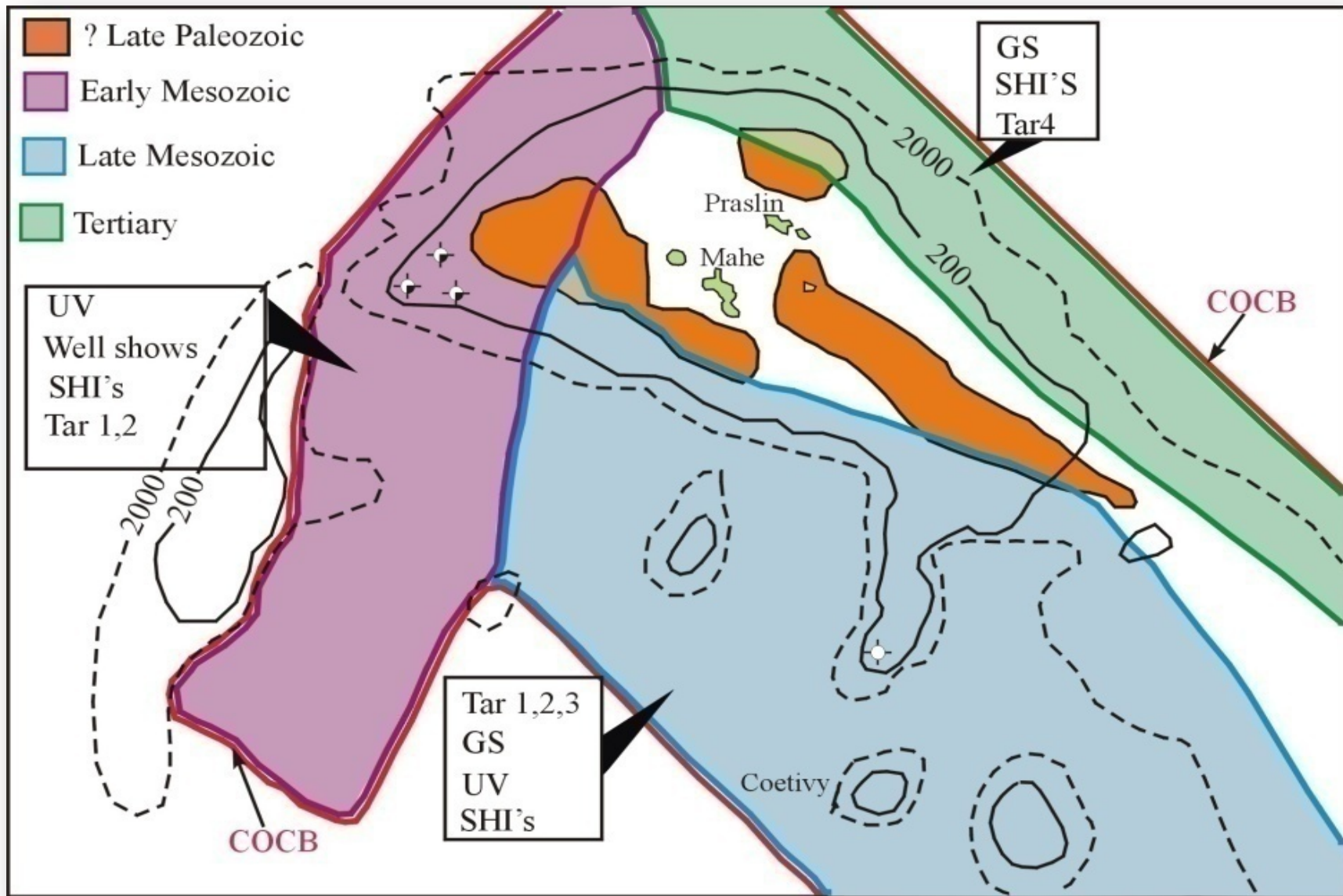
The complexity of the tectonic evolution of the Mascarene Plateau is due to the imposition of three phases of rift/drift tectonics that eventually cleaved the microcontinent from the centre of Gondwana.

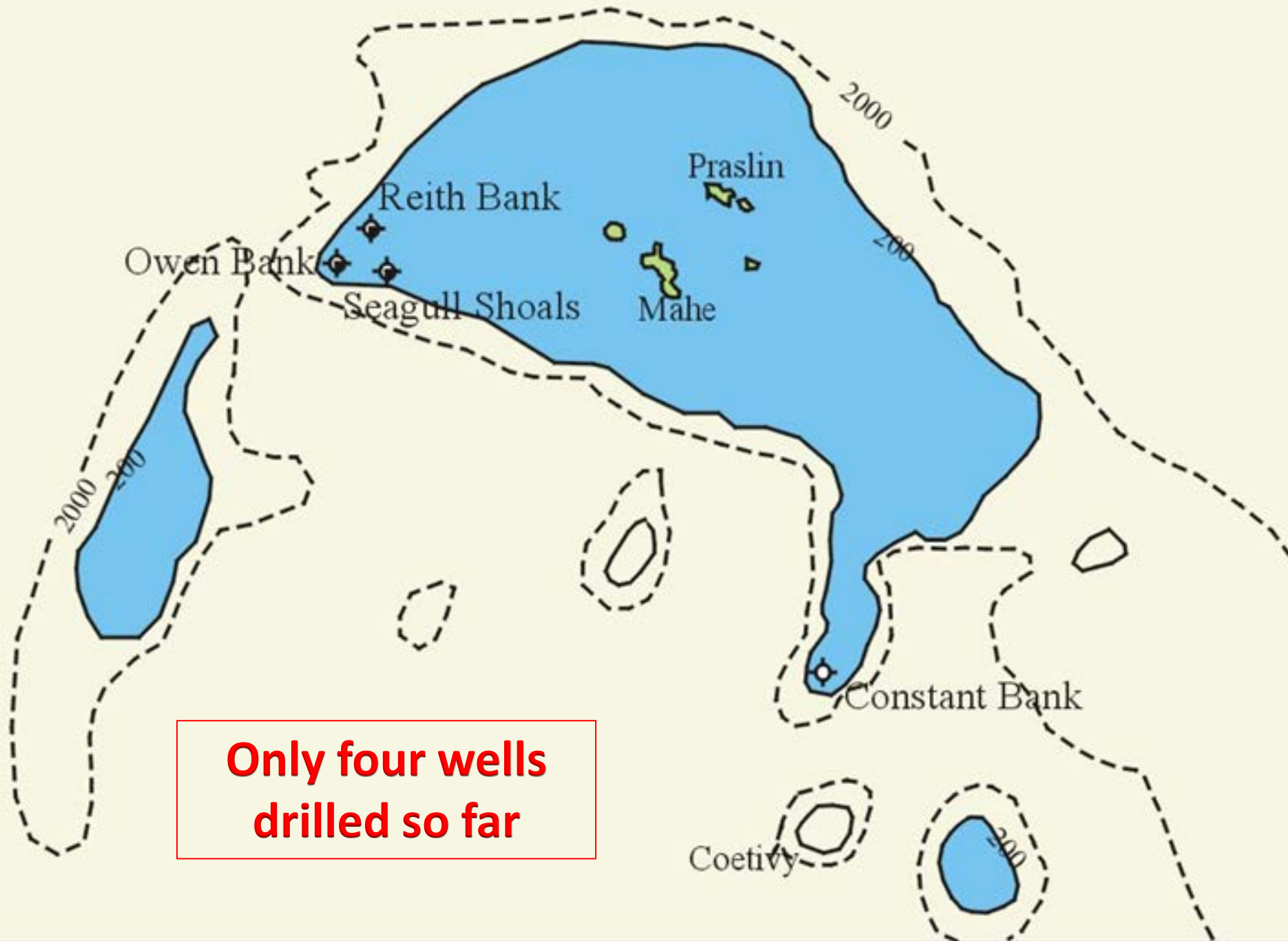


**Paleocene (~60 Ma). During the separation of India from Mascarene Plateau.**



# Exploration Provinces





**Only four wells drilled so far**

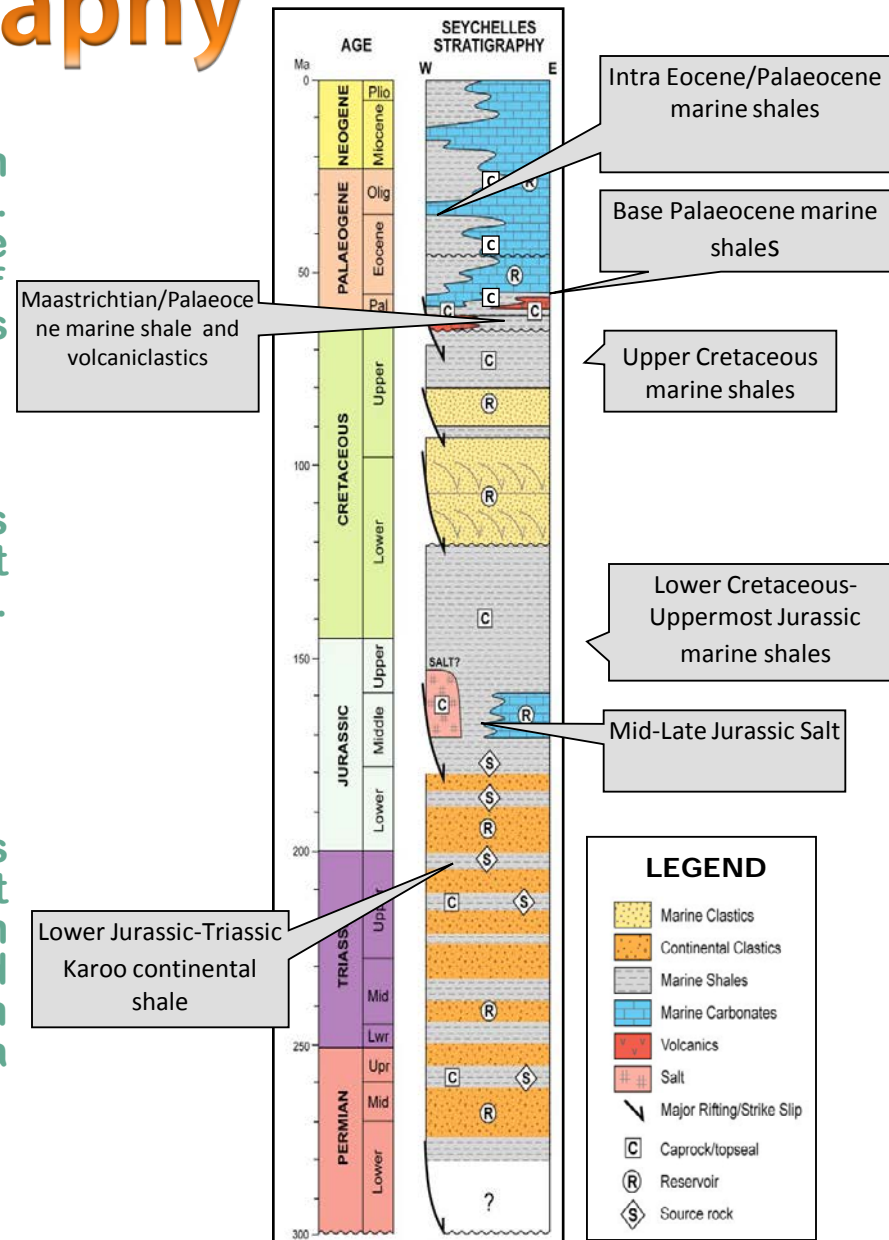


# Stratigraphy

This stratigraphic column is a compilation from all four wells and available seismic data. It also pulls in regional elements from the Bombay High and Madagascar area, both of which were juxtaposed against Seychelles prior to plate tectonic break up.

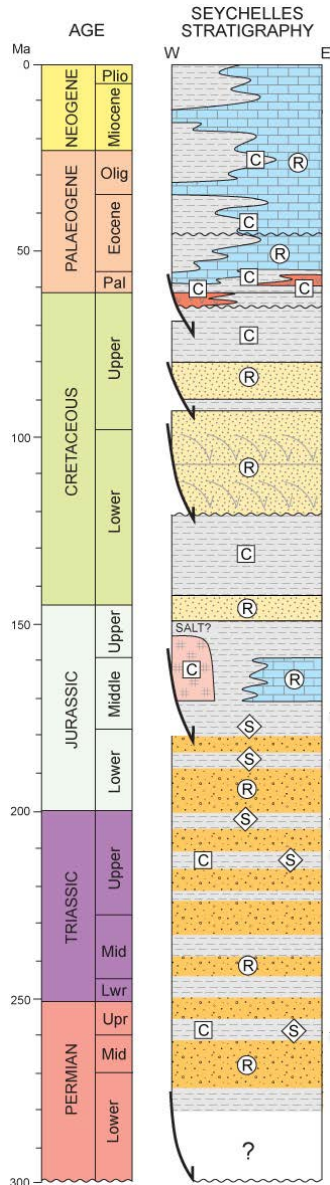
Age of the Jurassic salt is speculative, but is reasonable when compared against East Africa and Madagascar analogues. Distribution of Jurassic salt is also unknown

Age of oldest sediments in the Karoo basin is unknown. In Northern Madagascar the oldest known Karoo is Permian. The oldest Permian in northernmost Madagascar is marine, and therefore it is highly likely that any Permian in Seychelles is also marine and therefore a good oil prone source rock





# Source Rocks



In the Amoco wells, several source horizons were encountered within the Upper Triassic to mid Jurassic section

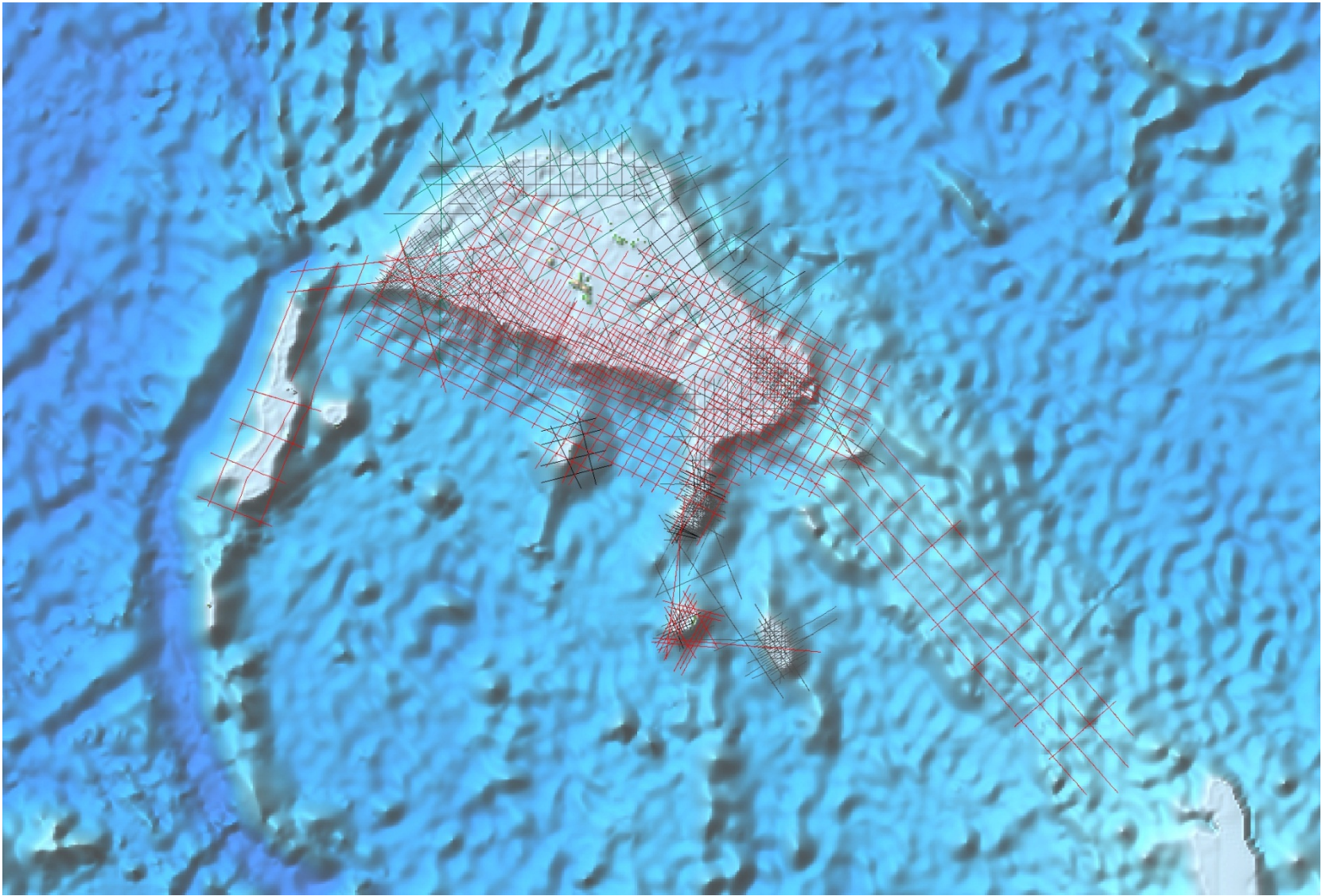
Source intervals encountered in the wells

## LEGEND

	Marine Clastics
	Continental Clastics
	Marine Shales
	Marine Carbonates
	Volcanics
	Salt
	Major Rifting/Strike Slip
	Caprock/topseal
	Reservoir
	Source rock

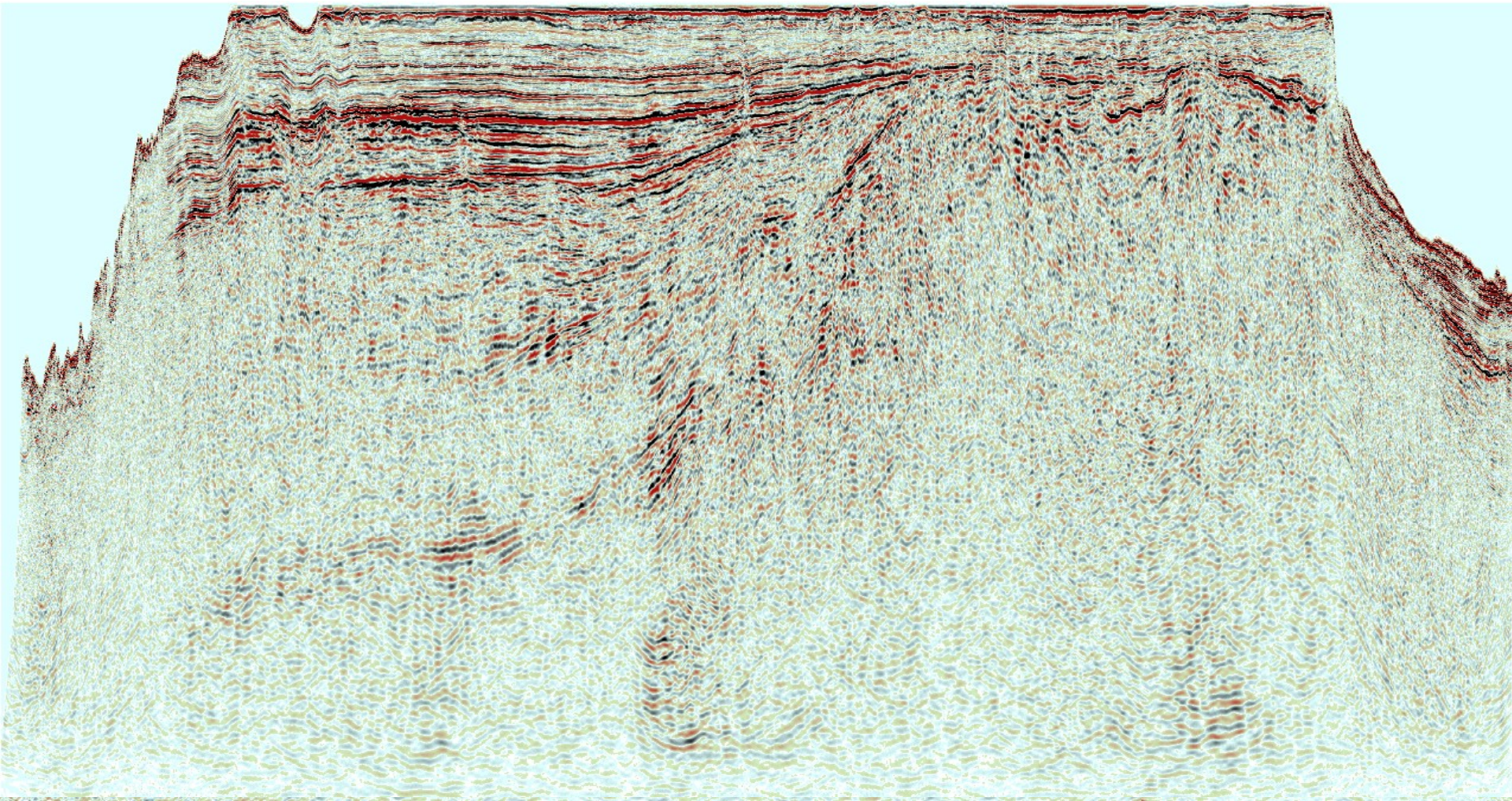


# Seismic Data coverage Map

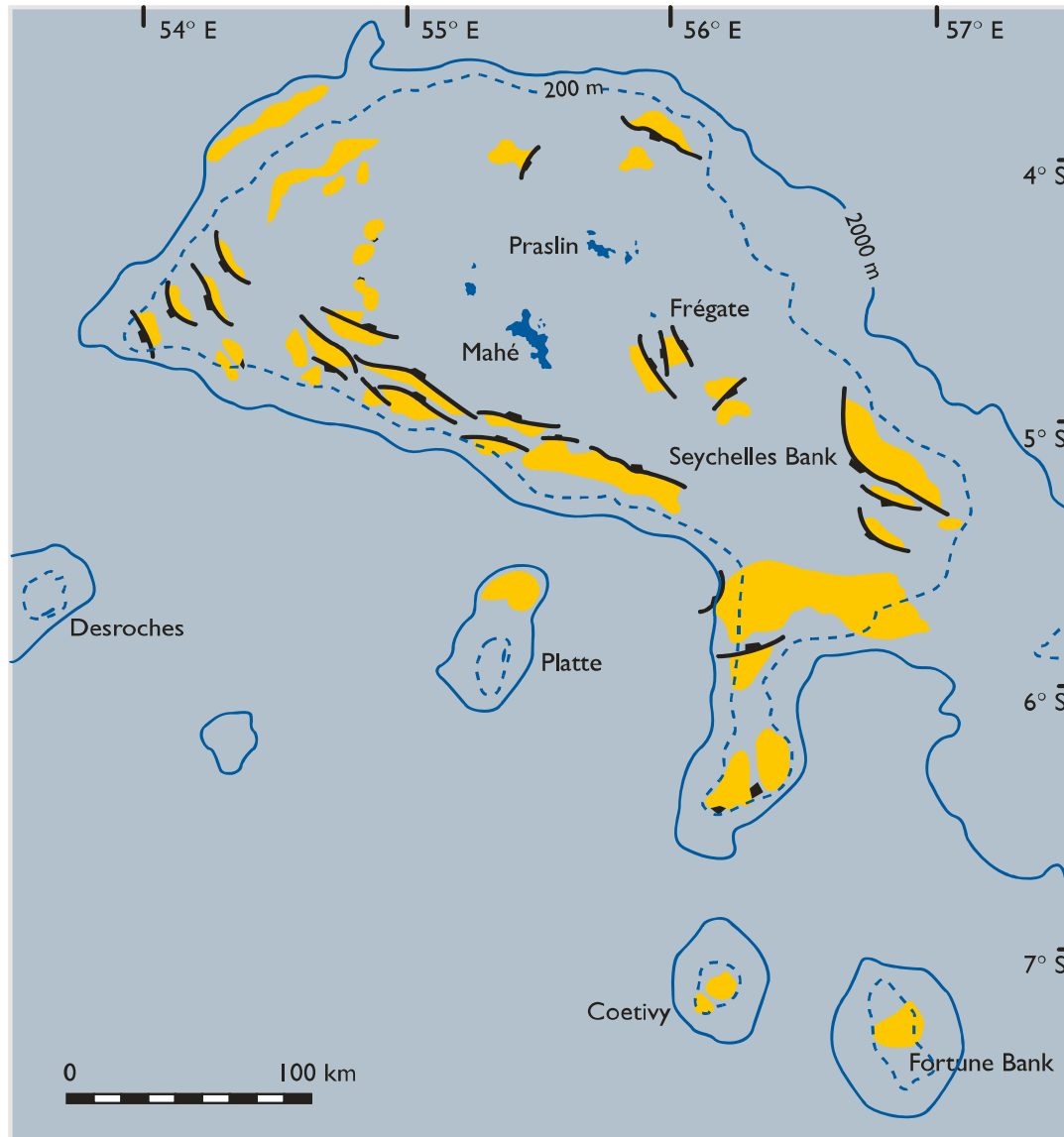




# Improved Imaging



# Mapped Leads

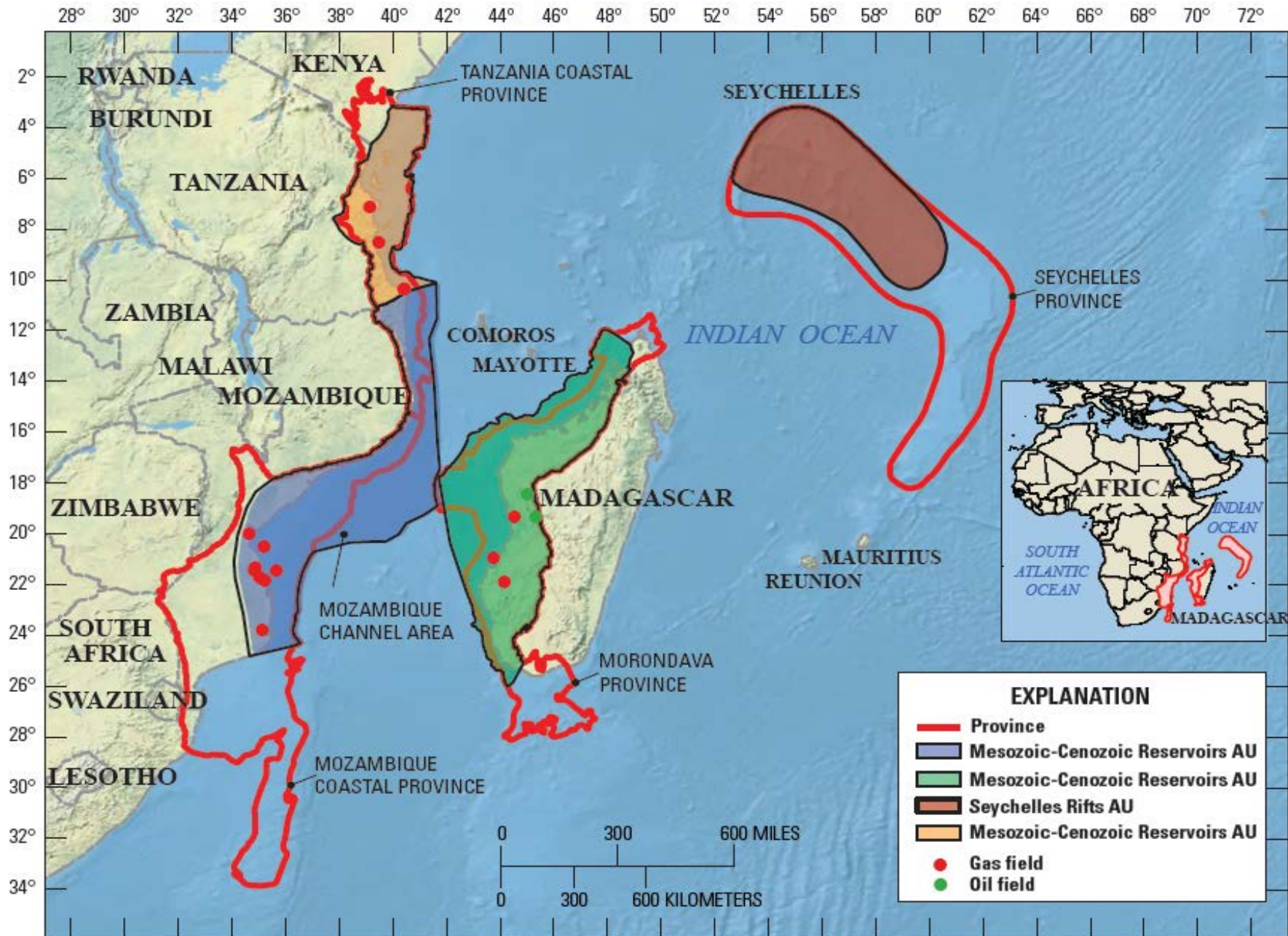




## World Petroleum Resources Project

# Assessment of Undiscovered Oil and Gas Resources of Four East Africa Geologic Provinces

Four geologic provinces along the east coast of Africa recently were assessed for undiscovered, technically recoverable oil, natural gas, and natural gas liquids resources as part of the U.S. Geological Survey's (USGS) World Oil and Gas Assessment. Using a geology-based assessment methodology, the USGS estimated mean volumes of 27.6 billion barrels of oil, 441.1 trillion cubic feet of natural gas, and 13.77 billion barrels of natural gas liquids.



**Figure 1.** Locations of the four assessed geologic provinces and assessment units (AU) along the central coast of east Africa.

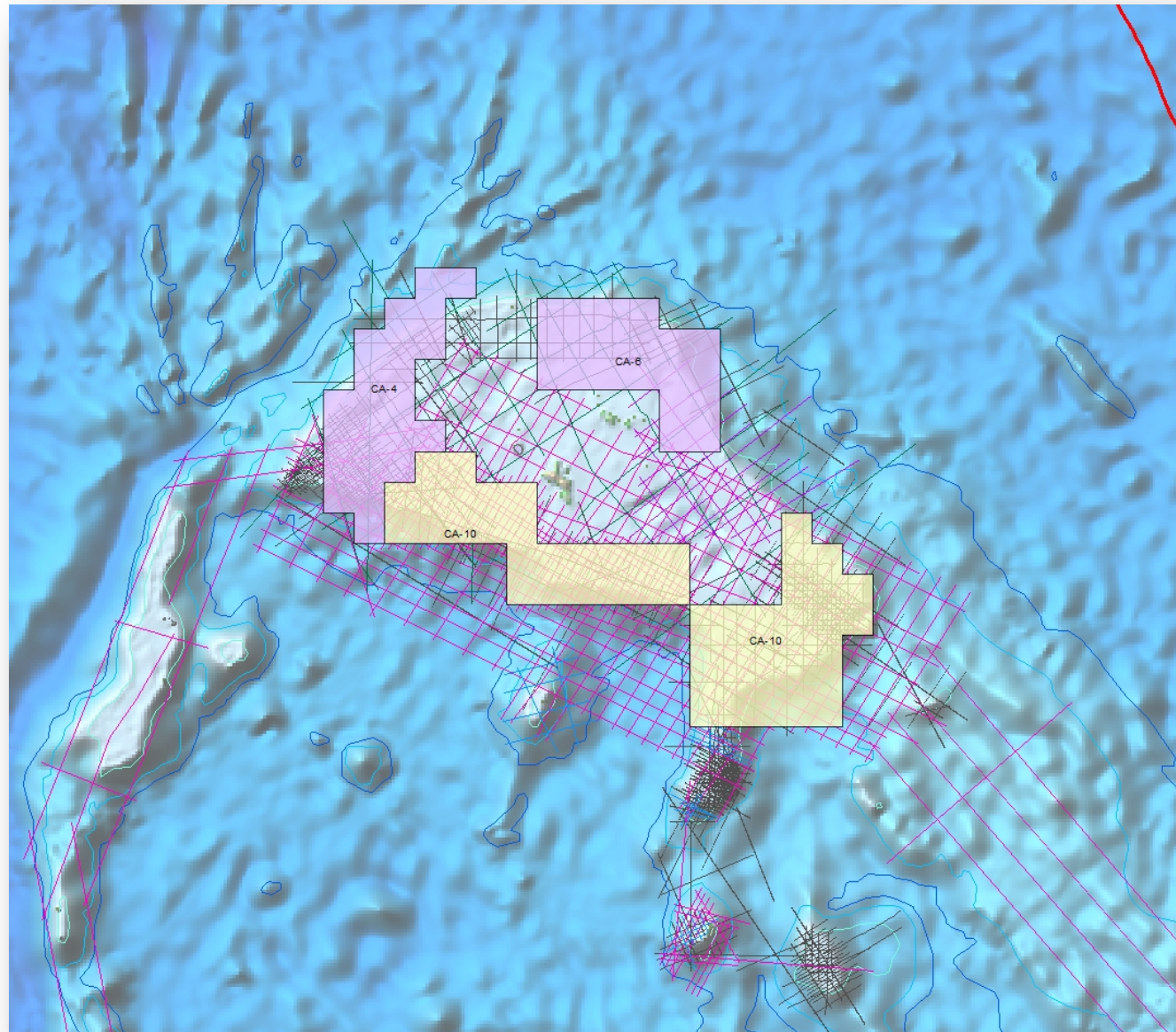


# Current Licenceses





# Currently Held Acreage



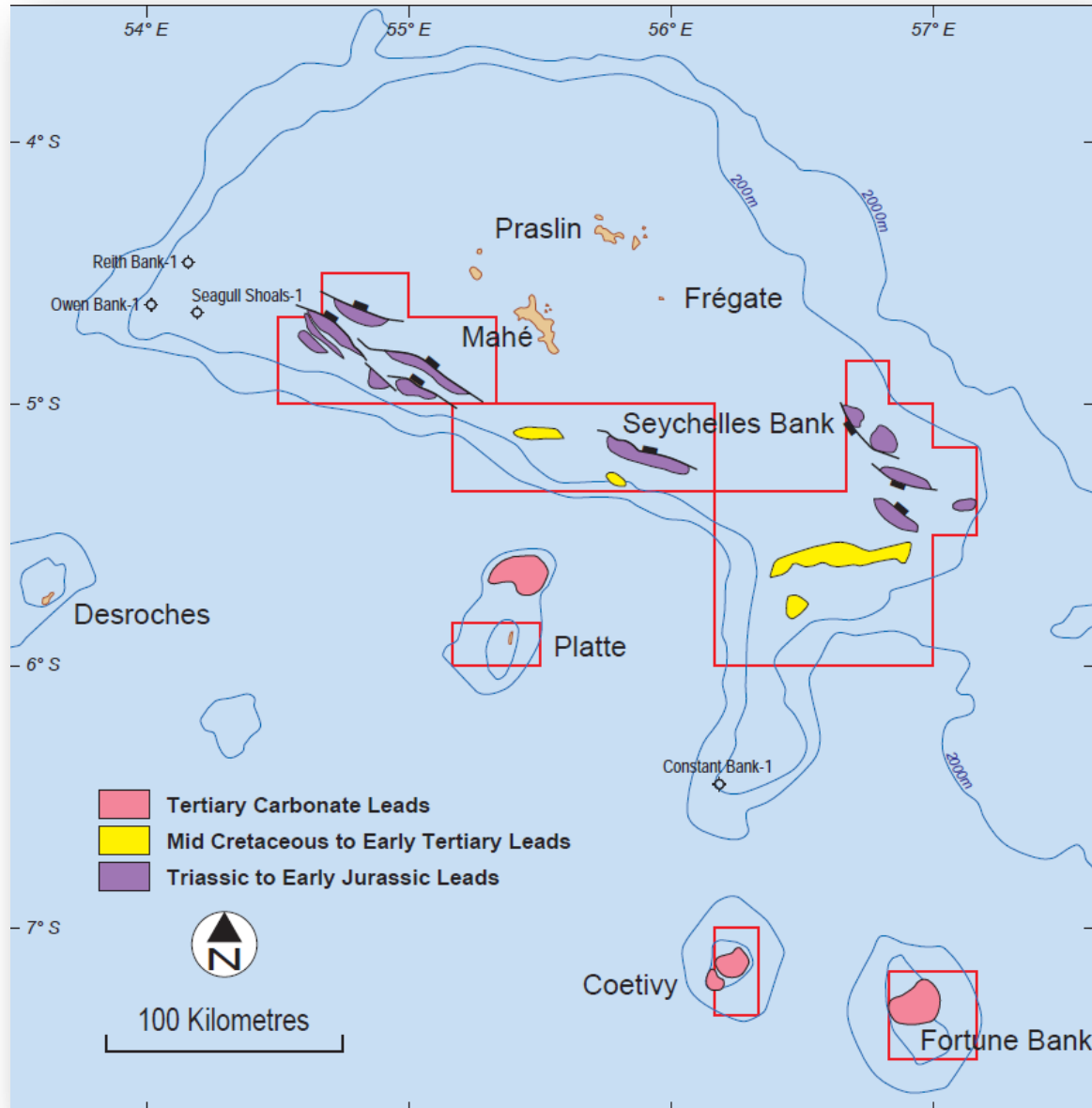
WHL

Afren





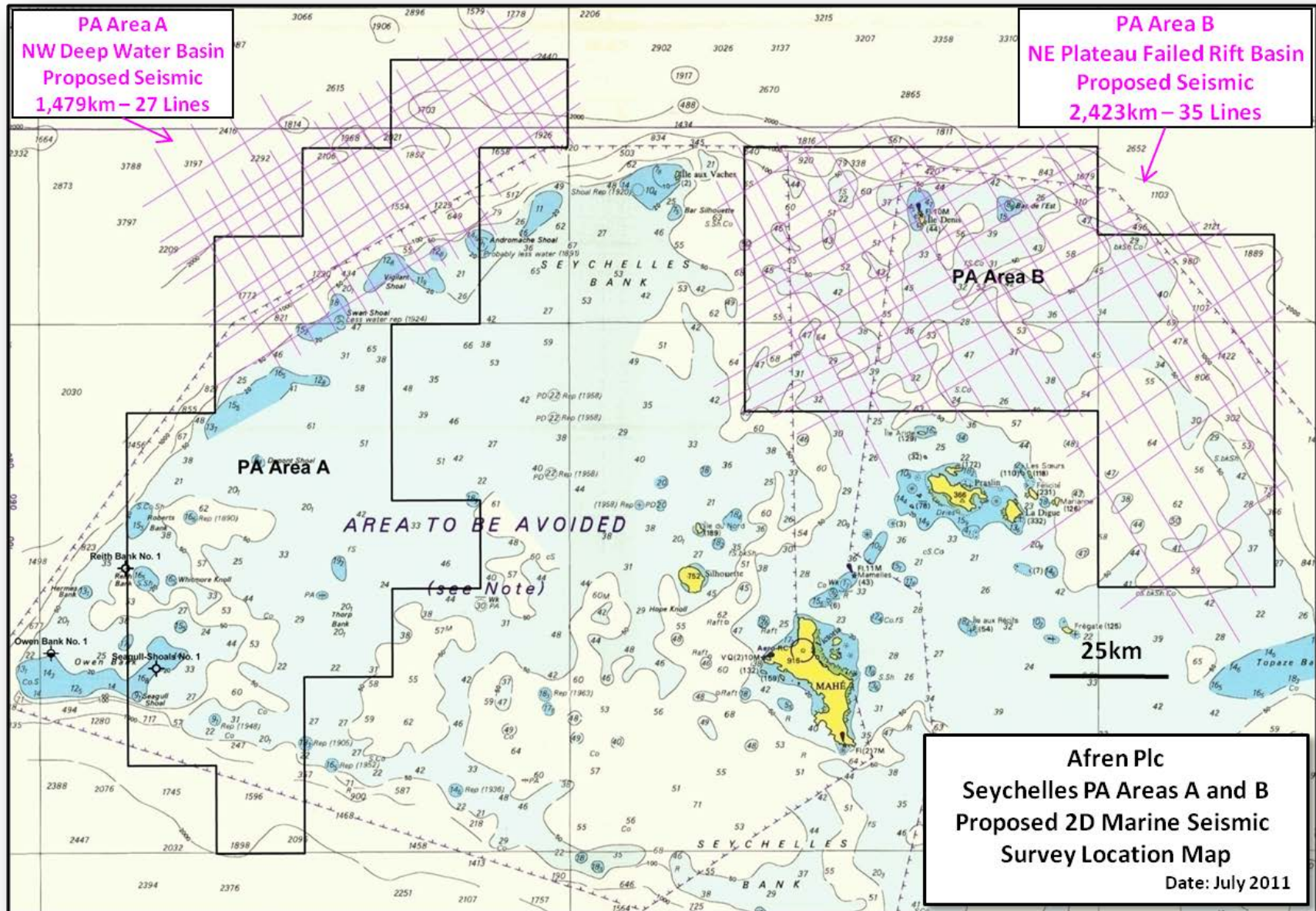
# WHL FARM-IN OPTION



**WHL has opted to enter the Drilling phase and is currently Farming out.**



# Seismic Survey by AFREN Dec 2011





# 3D SEISMIC DATA ACQUISITION - Afren



# Upstream Legal and Fiscal Regime in Seychelles

## Legal Framework

### ➤ Petroleum Mining Act, 1976 (“PMA”)

- A relatively short enabling Act (16 sections) , authorizing the signing by the Minister of **any type of Petroleum Agreement** for granting exclusive E&P rights to the PA-holder
- PMA authorizes **PA** to stipulate specific terms and conditions for fees and royalties.



# What should be the variables in the Petroleum Agreement ?

**Area**

**Work Program**

**Rental Payments**

**Relinquishment Terms**

**Fiscal Terms**

**Training Commitment**

## Duration of Exploration Phase and Periods ?

**Period 1 (Years 1-3) work program must include at least funding for seismic (\$15M)**

**Period 2 (Years 4-6) work program must include funding for at least one well (\$25-\$60M)**

**Period 3 (Years 7-9) work program must include funding for at least one well**



# What are the recommended minimum acceptable Applicant qualifications ?

**Technical & professional capacity**

**Financial ability**



# Fiscal Regime

The economic and fiscal package comprises three principal revenue sharing mechanisms and these are summarized below:

- A royalty of **10%** is levied on the market value of oil produced and saved during each month.

**Royalty can be reduced to 5% for marginal fields.**

- Petroleum Income Tax

The rate of the Petroleum Income Tax is 35% and it is paid in accordance to the Petroleum Income Tax Act of 2008.



# Fiscal Regime

## ➤ Petroleum Additional Profits Tax (PAPT)

PAPT is a resource rent tax levied on cash flows. Currently the Model Petroleum Agreement provides for a two-tier structure for PAPT. The first tier of PAPT will become due once the Company has earned a particular threshold rate of return on its investment. The second tier of PAPT will be due after the company has earned an even higher post-tax rate of return.





# Will there be State Participation and Signature Bonus ?

**State participation**

**No**

**Signature bonus**

**Not Required**





# Forthcoming Licensing Round



# What type of award process for a Petroleum Agreement ?

License Round or Open File process ?

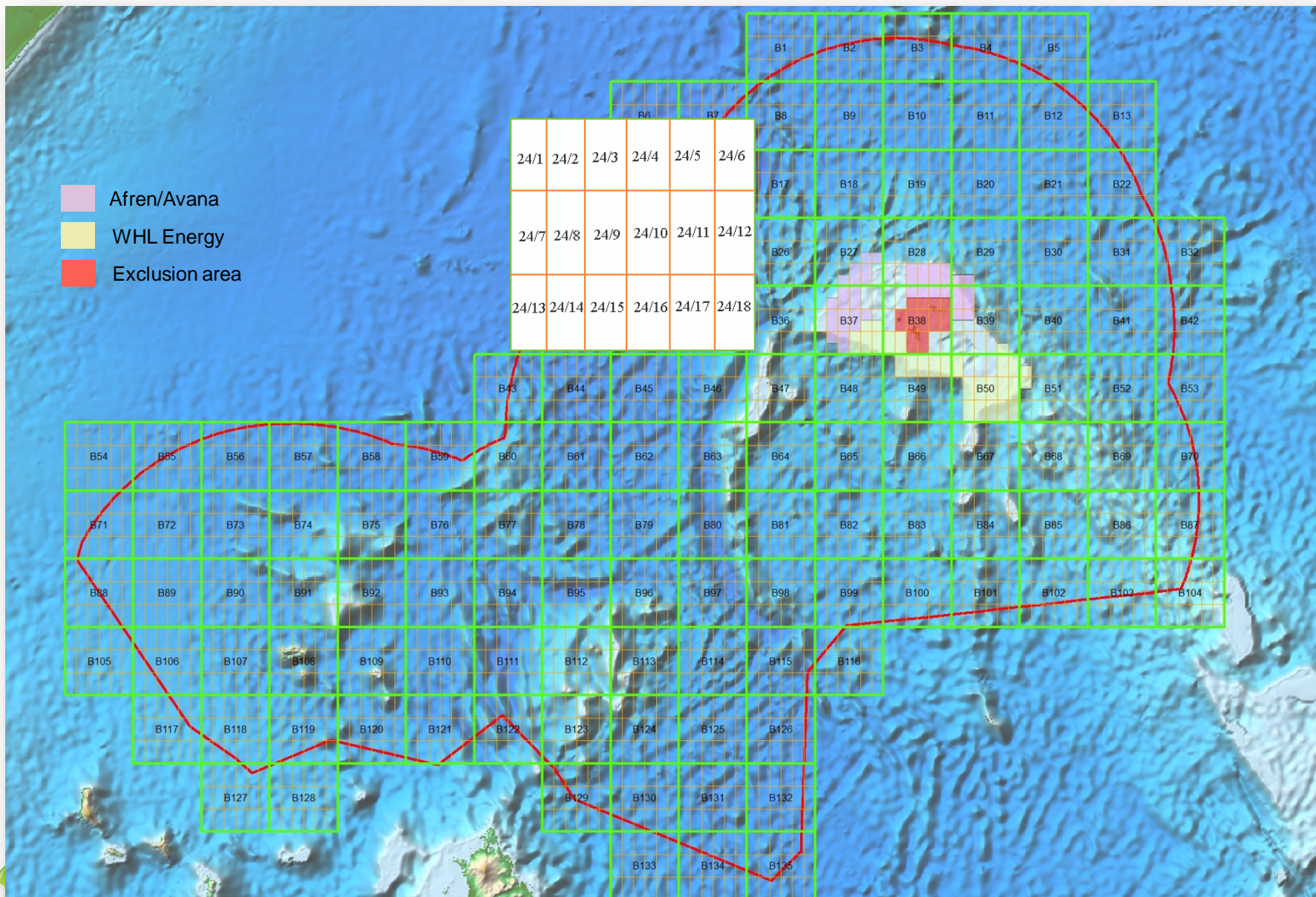
## Open File award process

- Applications for a 10,000sq km area may be made at anytime.
- PetroSeychelles verifies if minimum application criteria are met
- Notice of application filing & solicitation of competitive applications
- No need to reveal identity of applicants or proposed terms
- Prescribed period for competitive application filing (30-90 days)





# Open File award process scheduled for first quarter 2013



# Weighting criteria for evaluation of competitive bids

## Work program:

Geologic prognosis	10%
Period 1 commitment	40%
Period 2 proposal	10%

## Fiscal considerations:

Tier 2 PAFT & any other items	10%
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## Applicant qualifications:

Technical	15%
Financial	15%



# Promotional Campaign

## Objectives of promotional campaign

**Publicize geologic potential & licensing opportunity.**

**Publicize data availability**

**Call attention to new filing procedures**

**Call attention to new minimum application criteria**

**Call attention to new Model PA**

**Extend PetroSeychelles contacts & relationships**





# Proposed campaign schedule:

- ✓ •Government action on amendments ..... Jan. 2013
- ✓ •Prepare campaign materials ..... Feb. 2013
- ✓ •Publicize campaign & pre-screen candidates .....March 2013
- ✓ •International workshops & meetings ..... April 2013
- ✓ •Begin accepting applications ..... May 2013
- ✓ •Initial competitive filing period ends\* ..... Aug. 2013
- ✓ •Evaluation &earliest date for first PA award\* ..... Sept. 2013

# CONCLUSIONS

*Seychelles is a frontier area and the data acquired so far confirm that a working petroleum system exists with all necessary ingredients (source, reservoir, seals, structures) to make the area an oil Province.*

*Large volume of data are available and interesting leads have been mapped*

*The government has recognised the importance the discovery of petroleum would have on the economic objectives and has put in place the required legal framework to facilitate exploration and eventual production within its maritime boundaries.*



# CONCLUSIONS

**There are opportunities for companies to farm into existing licenses or bid in the forthcoming open file system.**

***Seychelles is politically stable and the working physical environment is pleasant year round.***







*Thank you*

