Upstream Petroleum Monitoring Report

2023

ACEP
Africa Centre for Energy Policy

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About ACEP

The Africa Centre for Energy Policy (ACEP) was established in 2010 to contribute to development of alternative and innovative policy interventions through high quality research, analysis and advocacy in the energy and extractives sector in Africa. The focus of the organisation is to create strong connection between research evidence and advocacy which was limited at the time to increase transparency and accountability around energy and extractive sector governance in the region. After over a decade of existence, the organisation has established itself as a thought leader in the sector.

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Acknowledgement

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We anticipate that the insights and recommendations presented in this report will provide valuable contributions to ongoing monitoring efforts of Ghana's upstream petroleum sector. We hope that they will inform strategic decisions aimed at fostering a transparent and thriving industry that contributes meaningfully to the country's economic and social progress.

While this report represents our best efforts, the findings, interpretations, and conclusions do not necessarily reflect the views of Oxfam in Ghana, its members, or the entities they represent.

Design: Derek Kwesi Okai

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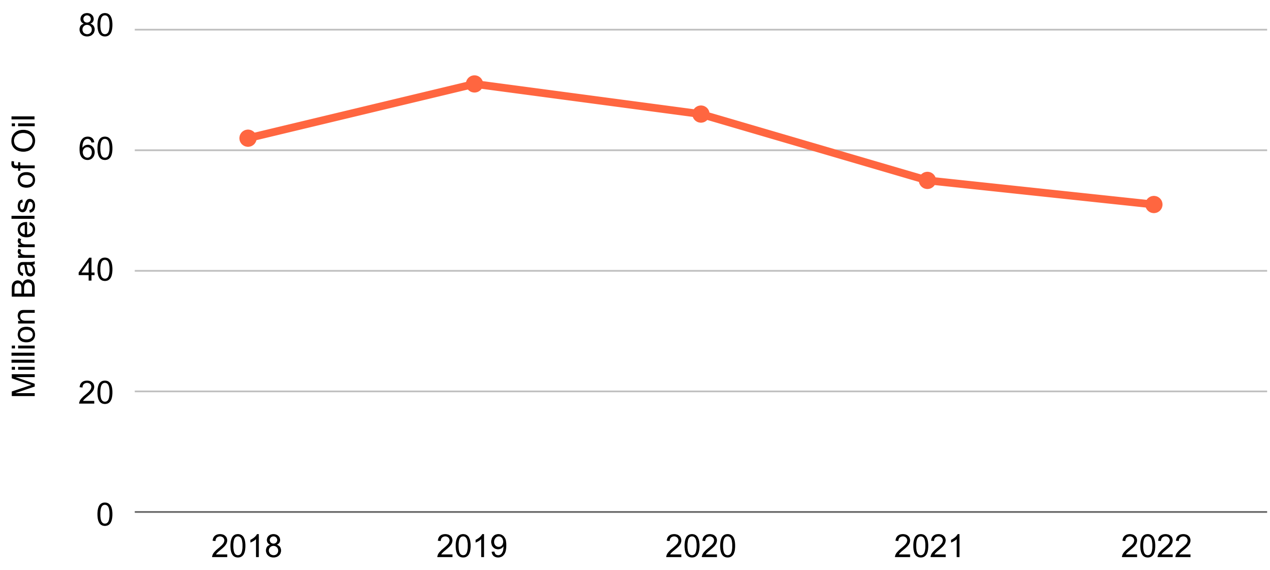
1.0 Introduction

After 12 years of oil production in Ghana, output data indicates a consistent year-on-year decline since peak production in 2019 (Fig 1). This decrease is partly due to the natural decline of the only three producing fields among the 14 active petroleum agreements. The Offshore Cape Three Points (OCTP)'s Sankofa Gye Nyame (SGN) field was the last to come on stream in 2017. Despite ongoing drilling campaigns aimed at increasing production, such as the Jubilee South East Project, which is expected to boost output by approximately 30,000 bpd, the industry has seen limited exploration and development activity in Ghana's upstream sector. The importance of expanding and replenishing reserves through new explorations in Ghana's basins and accelerating the development of discoveries to production cannot be overemphasized.

Figure 1. Declining Trend in Petroleum Production



Data sourced from PIAC Reports

The declining production raises serious questions about the priorities of government and sector regulatory institutions, including the Petroleum Commission and the Ministry of Energy. This concern is particularly significant given that no new production commenced five years after Sankofa Gye Nyame came on stream. It is essential to highlight that the Petroleum Agreements (PA) signed with these companies specify minimum work obligations to be met within agreed timelines, accompanied by sanctions for non-compliance. However, ACEP's Contract Monitor indicates that some contractors have consistently failed to fulfil their minimum work obligations over the years without facing any sanctions.

In 2021, however, the Ministry of Energy terminated four agreements due to non-performance. These included Brittania-U's Southwest Saltpond block, Sahara Energy's Shallow Water Cape Three Points block, UB Resources' Offshore Cape Three Points South block, and Swiss African's Onshore/Offshore Keta block. The initial exploration periods for some of these blocks had expired for four or more years before their eventual termination without any evidence of extensions. While the termination of these agreements is commendable and aligns with ACEP's consistent advocacy, many non-performing agreements still hinder the country's ability to replace reserves and accelerate production. This issue is particularly pressing in light of the risks of stranded assets due to the energy transition.

Since 2017, ACEP has consistently monitored the performance of upstream petroleum contracts in Ghana through the Petroleum Contracts Monitor. This initiative follows successful advocacy for open contract disclosures, enshrined in the Petroleum (E&P) Law (Act 919). This report continues the monitoring efforts by assessing the performance of existing non-producing petroleum agreements with respect to their work obligations. The assessment sources information from ACEP's Industry Intelligence and PIAC's reports on the petroleum agreements.

2.0 Regulatory Inefficiency and Limited Activity in Ghana's Upstream Industry

The decline in petroleum production from Ghana's basins has significant implications for the government's balance of payment and attendant negative impacts on the domestic currency. These implications require the government to set its regulatory priorities right in optimizing the petroleum resources from the country's basins. Unfortunately, three potential projects which could have been pursued more aggressively to increase oil production are hampered by regulatory inefficiency. The projects are Aker Energy's Deep Water Tano Cape Three Points (DWT/CTP) block, Eni's Cape Three Points (CTP) Block 4 and Springfield's Afina discoveries.

DWT/CTP Development

This block is still in the pre-development phase five years after Aker took over successful discoveries in the Pecan field. The Pecan field was initially scheduled to go into production by 2022. After the initial Plan of Development (POD) was presented and rejected in 2019, the operator was expected to submit a revised POD by 2020. Aker has consistently extensions to submit a revised POD after failing to deliver on several deadlines until April 2023, when it finally submitted a revised POD. The delayed development of the Pecan field raises serious questions about the regulatory regime of the upstream industry, considering the many concessions granted Aker to accelerate the development of the Pecan field, including holding on to the block without relinquishment and the limited regulatory powers of the Petroleum Commission (PC), including compliance with local content requirements.

While stalling on submitting the revised POD, Aker attempted in 2021 to offload a significant stake of its interests in the DWT/CTP and the South Deepwater Tano (SWT) in a composite transaction to GNPC in a bizarre cost padding arrangement that would have committed the country to about $1.65 billion in cash and $740 million for FPSO financing. It took the relentless and resilient advocacy of concerned CSOs and other civic advocates to halt the transaction and protect the national interest. In an interesting turn of events, 18 months after the failed attempt, Aker has sold its stakes in DWT/CTP to AFC Equity Investment, owned by Africa Finance Corp. At the same time, it has relinquished its interests in the South Deepwater Tano Block.

Pecan Energies, the new owner of Aker's majority stakes in DWT/CTP, is expected to accelerate the development of the Pecan field after the approval of the revised POD. Even before they start work on the block, civic actors are already concerned about the transparency of the acquisition and demands for justifying the approved redeployment of an aged FPSO and its attendant potential risks.

Eni Block 4 Discovery

In June 2021, Eni made a second discovery (Eban discovery) on its Cape Three Point (CTP) Block 4 license following the Akoma discovery in 2009. The Eban-Akoma complex has an estimated reserve between 500Mboe and 700Mboe, with an upside potential after appraisal. As a result, the company proposed a fast-track development with a subsea tie-in to the FPSO John Agyekum Kufuor on its Sankofa Gye Nyame field, increasing Ghana's oil output to fill in the declines from other fields. However, this proposal has not scaled regulatory lethargy. In contrast, the Baleine 1X discovery by Eni in Ivory Coast, three months after the Eban discovery, has received regulatory approval for greenfield development to produce oil by the end of 2023.

Springfield Afina Discovery

In December 2019, Springfield E&P made the Afina-1 discovery, which increased the company's discovered oil and gas potential to about 1.5 billion barrels and 0.7tcf of gas. The Afina-1 discovery was a significant milestone for an indigenous upstream E&P company. However, the post-discovery work programme has stalled pursuant to the Ministry of Energy's directive for the Afina discovery to be unitized with the SGN fields. The directive has resulted in protracted court cases locally and recently in the International Court of Arbitration in London. Eni, which operates the SGN field, contests the claims of straddling by the government and Springfield. True to ACEP's position, the route chosen to litigate the claims in court further delays the field's potential, which could have been resolved scientifically. The cost of the delays to Ghana far outweighs the cost of deploying the scientific measures (~$10 million) to establish connectivity of the two fields to warrant unitization. Consequently, the State loses regardless of the outcome of the legal tussle, having dragged this process for about three years.

3.0 Political Patronage for the Non-Performance of Petroleum Contracts

Beyond the three potentials mentioned above, activities in the upstream sector have been slow or non-existent, as indicated in Appendix 1. Many of the existing block holders have been inactive. ACEP has periodically highlighted the lack of capacity of most companies to deliver on their obligations, which by law should attract sanctions. However, these companies continue to hold on to the blocks without delivering on the terms of the Petroleum Agreements. Beyond the fundamental capacity constraints of the contractors to invest in their blocks and deliver their minimum work obligations, a key recurring factor for the non-performance of the upstream contracts, as indicated by the ACEP's Petroleum Contracts Monitor over the years, is the political and regulatory patronage for the non-performance. For example, contractors have failed to satisfy their minimum work obligations yet receive extensions to their contract period. In other cases, there is no evidence of extensions, but the contractors still hold on to the blocks as owners. The political patronage for inefficiency and the non-performance of petroleum contracts manifests itself in endless investment roadshows to attract investments for the non-producing blocks, the Petroleum Commission's lack of transparency in approving annual work programs and the aborted competitive licensing regime.

3.1 Fruitless investment forums and roadshows to attract investments for the non-producing blocks

The fundamental factor for the non-performance of Ghana's upstream petroleum contracts has been the capacity of the contractors to invest in their blocks and deliver on their minimum work obligations. This lack of capacity to invest is the fruit of the erstwhile non-competitive contracting process for awarding these blocks, which allowed companies without any track record of upstream operations or demonstrable financial capacity to be awarded oil blocks. After failing to sanction the contractors for their non-performance, the government has organized and attended endless investment forums and roadshows at home and abroad to attract investments for the non-producing blocks. ACEP's count shows 19 investment forums organized or attended by the Ministry of Energy and its agencies between 2019 and January 2023 alone. Yet, these forums and roadshows have failed to deliver any investments into these blocks as they remain unproductive with no exploration activity.

3.2 Lack of transparency in the approval of annual work programs

The Petroleum Commission is mandated to approve the annual work program of all upstream companies for their operations. Embedded in this mandate is the responsibility to monitor and ensure compliance with the work programs. If this responsibility were carried out diligently, it would be difficult for non-performing contracts to receive approvals for subsequent years without sanctions. The Commission does not provide transparency on the annual variations to the work programs and the approvals. This provides an incentive for non-compliance with the terms of the PAs signed by the companies.

In preparing this report, ACEP wrote to the Petroleum Commission employing the Right to Information (RTI) processes for copies of the approved annual work programmes and local content plans of upstream companies from 2020 to 2022 to understand the approved variations to the work programmes and local content of the companies on an annual basis and the reasons offered by the companies for the same. Unfortunately, the Commission denied ACEP access to these documents, citing “confidential and proprietary” reasons for their denial. It is important to note that the reasons cited for denying access subverts transparency on the performance of companies relative to their Petroleum Agreements (PAs) and local content regulations.

3.3 Aborted Open Contracting and Licensing Round

In 2018, Ghana launched its first competitive round to award six blocks. The bidding process was completed in 2019, pending the award of licenses. The award process has, however, stalled with protracted negotiations until January 2023, when the Ministry of Energy communicated to the bid winners to reapply for the blocks under direct negotiations, a clear contrast to the ongoing roadshows to presumably attract investors.

Section 10 of Act 919, which established the open and competitive licensing regime to award oil blocks to cure the ills of the erstwhile first-come-first-served regime, also provides exceptions to the open licensing process. These exceptions introduce significant governance risks to the open licensing process. One such exception is the discretion given to the Minister to ignore the outcome of the open licensing process to favor direct negotiations. Section 10 (4) and (5) provides that:

> *(4) Despite subsection (3), the Minister may on stated reasons decide not to enter into a petroleum agreement after the tender process as prescribed.*
>
> *(5) Where all or part of the area offered for tender in a public tender process has not become the subject of a petroleum agreement, but the Minister determines that it is in the public interest for that area to be subjected to a petroleum agreement, the Minister may initiate direct negotiations with a qualified body corporate for a petroleum agreement.*

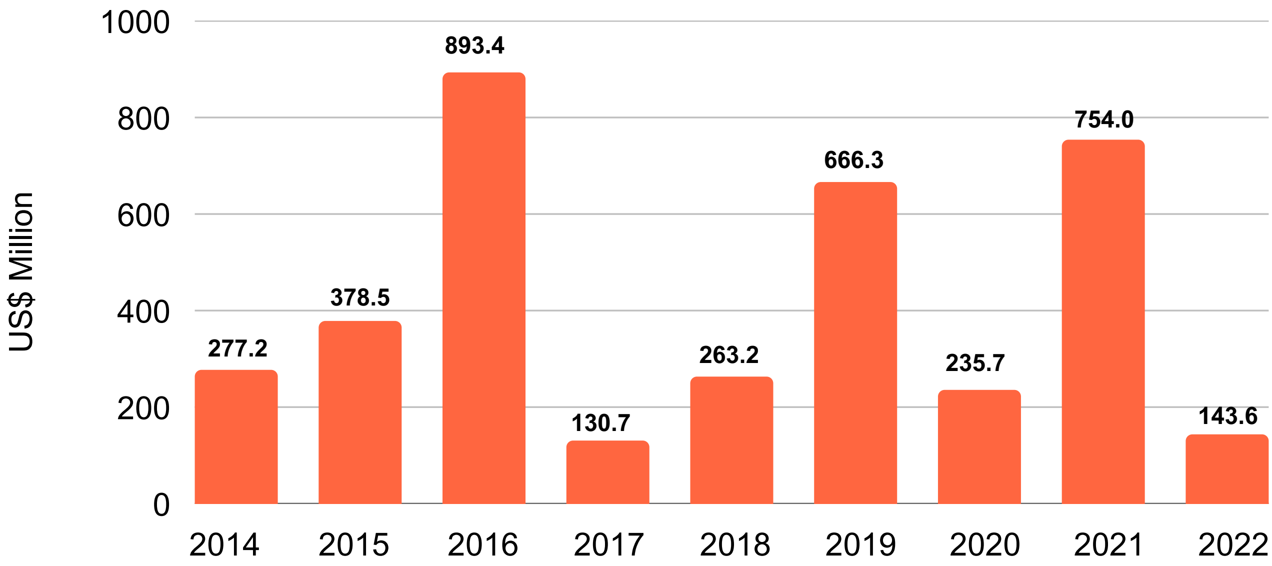
During the consideration of Act 919, ACEP raised concerns about this discretion as a significant risk for the efficient award of contracts, especially where the reasons for exercising this discretion are not made public. Unfortunately, it appears ACEP's fear of the risks is manifesting in the return to direct negotiations and its attendant transparency and efficiency concerns. The indication now is that open and competitive contracting has been abandoned, and direct negotiations is now the preferred licensing method. This approach draws back all the gains made towards deepening contract transparency in the upstream petroleum sector.

4.0 Local Content Performance of Upstream Contracts

The Petroleum (Local Content and Local Participation) Regulations, 2013 (LI 2204) commits upstream companies to ensure local content and Indigenous Ghanaian participation in the upstream petroleum business through local employment and the patronage of local goods and services. The Petroleum Commission has been tasked with ensuring compliance with the regulation. In this regard, some of its regulatory functions include the approval of companies' annual local content plans and their local content performance.

The upstream petroleum companies have shown commitment to local content promotion and participation. The Ghana Upstream Petroleum Chamber reports that about US$3.6 billion worth of contracts were awarded to Indigenous Ghanaian Companies (IGCs) between 2014 and 2021 out of the total US$16.63 billion spent by the international oil companies. In 2022, the Public Interest and Accountability Committee (PIAC) reported that the total value of contracts awarded to IGCs amounted to US$143.6 million. This puts the cumulative value of contracts from 2014 to 2022 at US$3.74 billion.

Figure 2. Value of Contracts Awarded IGCs (2014-2022)



Data Sourced from 2022 Ghana Upstream Petroleum Industry Report and 2022 PIAC Annual Report

Moreover, when compared to the total value of contracts between 2014 and 2022, the US$3.74 billion worth of contracts awarded to IGCs is only about 22 percent of the total US$16.63 billion spent by the international oil companies within the period, while joint ventures make up about 27 percent and foreign suppliers account for 51 percent. These statistics are not exactly a good depiction of the competitiveness and ability of indigenous Ghanaian companies to take up opportunities in the petroleum sector. The challenge persists despite efforts by the international oil companies and the regulator to develop local supply chains in the industry. For example, the Jubilee partners, led by Tullow Oil, run a supply chain academy to build the capacity of IGCs in the industry. The program has graduated 90 beneficiaries so far.[1]

Furthermore, one of the benefits citizens expect from resource wealth is access to employment from resource exploitation. In that regard, there have been efforts to develop the capacity of Ghanaians to participate in the petroleum business and eventually localize the job roles in the industry. The Ghana Upstream Petroleum Chamber reports that by the end of 2022, out of the 3,516 directly employed in the industry, 89 percent (3,143) were Ghanaians (Table 1).

Table 1: Local Employment in the Upstream Petroleum Sector

Year	Local Employment	Total Employment	% Share of Local Employment
2014	4250	6123	69%
2015	4905	6803	72%
2016	11320	12183	93%
2017	2683	3139	85%
2018	1761	2056	86%
2019	4556	5355	85%
2020	3211	3711	87%
2021	4765	5280	90%
2022	3143	3516	89%

Data sourced from the Petroleum Commission and PIAC Reports

1 https://www.petrocom.gov.gh/ghana-president-akufo-addo-cuts-sod-for-us-25m-gnpcs-operational-headquarters-in-takoradi-3-2-3-2-2-2-3-2-2-2-2-2-2-2-2-2-2-2-2-2/

5.0 Conclusions and Recommendations

The limited activity in the upstream oil and gas sector is diminishing its contribution to government revenue and overall economic growth. The year-on-year decline in production highlights an urgent need for policy and regulatory reforms to attract investment and revitalize the sector. The transparency of the process to attract investment into the industry is equally important. The prevailing preference for direct negotiations over the open contracting and licensing process envisaged in Act 919 poses significant governance risks that could only culminate in awarding blocks to technically and financially incompetent companies unable to invest in their blocks as indicated by the status quo.

ACEP recommends the following actions for the government's attention:

1. The government must return to the competitive bidding process for licensing oil blocks to signal the commitment to a fair and competitive environment for petroleum businesses in its bid to attract genuine capital and investments.
2. The government must enforce compliance with the minimum work obligations for upstream E&P companies. Failure to do so encourages speculation by inefficient companies whose primary goal is to hold on to the blocks without meaningful development.

Appendix

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Deepwater Cape Three Points	ExxonMobil (Operator), GOIL, GNPC **Effective Date:** November 28, 2018 **Initial Exploration Period:** 2½ years	The contractors on this block are required to acquire, process, and interpret 2,200 square kilometres (850 square miles) of 3D seismic data and an optional exploration well in their initial exploration phase. The Minister for Energy granted the contractors a restitution time of nine (9) months to compensate for the time lost due to the COVID-19 pandemic. In May 2021, ExxonMobil voluntarily relinquished their full interests (80 percent) in the block after fulfilling the relevant minimum work obligations.The 80 percent interest relinquished by ExxonMobil has reverted to the State.	The State assigned the 80 percent interest relinquished by ExxonMobil in 2021 to GOIL Offshore in May 2022, making it the block operator. GOIL Offshore is seeking farm-in partners to finance its exploration campaign on the block. The block is one of the six selected blocks the Ministry of Energy marketed to investors as part of the 2022 Ghana Oil and Gas Roadshows in Houston, USA, London, and Aberdeen, UK. With respect to payment obligations, GOIL Offshore has an outstanding surface rental payment of US$147,400 for the Deepwater Cape Three Points block.
East Keta Block	GOSCO (Operator), Heritage E&P, Blue Star E&P, GNPC EXPLORCO **Effective Date:** February 05, 2015 **Initial Exploration Period:** 2 years + 2 years extension	The contractors on this block are required to reprocess existing 2D seismic data and acquire 1500sqkm 3D seismic data. Even after a 2-year extension to the initial exploration in 2017, the contractors have still failed to deliver on their minimum work obligations. However, the contractors have not been sanctioned for their non-performance. Coincidentally, the operator is a subsidiary of GNPC.	The contractors have failed to deliver on their work obligations without any sanctions. The only activity worthy of note is the change of name of GOSCO to OSWT & EK Operating Company Ghana Limited (OPCO) as a special purpose vehicle set up by the contractors on the East Keta (EK) Block and the South West Tano (SWT) Block. It is essential to highlight that both blocks share the same contractors. With respect to payment obligations on the East Keta block, OPCO has an outstanding surface rental payment of US$537,794.80

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
South West Tano Block	GOSCO (Operator), Heritage E&P, Blue Star E&P, GNPC EXPLORCO **Effective Date:** February 05, 2015 **Initial Exploration Period:** 2½ years + 2 years extension	The contractors on this block are required to reprocess up to 175sqkm of 3D data and drill one (1) Exploration Well. In 2017, the contractors were granted a two-year extension, i.e., up to 2019, to compensate for the ITLOS case.[2] In 2020, the contractors submitted plans for exploration drilling preparatory activities to the Petroleum Commission, including contracting key services and plans to secure a rig. These plans were, however, suspended due to Covid. The Minister for Energy granted GOSCO a restitution time of nine (9) months to compensate for the time lost due to the pandemic. The contractors plan to drill their obligatory exploration well, Mansonia1X, in Q2 2022.	The contractors' drilling campaign for its obligatory well, Mansonia-1X, is scheduled for Q4 2022 after being postponed from an earlier schedule of Q2 2022. The new schedule remains speculative, given the history of inactivity on the block. However, the 2022 Semi-Annual Report of PIAC reveals that the contractors have completed well planning and drilling-related procurement of goods and services and preparations for the drilling campaign.
Central Tano Block	AMNI International (Operator), GNPC **Effective Date:** March 21, 2014 **Initial Exp. Period:** 3 years	The contractors on this block are required to license existing 3D seismic data over the Contract Area (about 277.9sqkm) and drill two (2) Exploration Wells. The contractors were granted a 21-month extension in 2017 due to the ITLOS ruling. In the 2019 ACEP Contract Monitor, no drilling had been undertaken. AMNI planned its drilling program for Q2 of 2020 but rescheduled it to Q4 of 2020 and beyond. The Minister of Energy granted AMNI a restitution time of eight (8) months to compensate for the time lost due to the pandemic. In 2021, the contractor resumed plans towards its obligatory drilling well, Kusia-1X, in Q2 2022, with well planning and drilling-related procurements.	After completing the interpretation of the 1,600 km² Tano Deep 3D data set, together with some 450 km² of 3D PSDM reprocessed seismic data, the contractors have failed to drill its obligatory exploration well, Kusia-1X after consistent postponement of the drilling campaign.This comes from several failed attempts to secure a farm-in partner to take up to 40 percent equity in the Block by funding at least one of the two obligation wells, with a negotiated contribution to past costs.

[2] The International Tribunal for the Law of the Sea placed an injunction on development in areas within the regions of dispute between Ghana and Cote D'Ivoire (read more about this here).

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Deepwater Cape Three Points West Offshore	Eco Atlantic (Operator), A-Z Petroleum, Petrogulf Limited, GNPC EXPLORCO, GNPC **Effective Date:** March 22, 2015 **Initial Exp. Period:** 2½ years	The contractors on this block are required to License approximately 850sqkm of existing 3D Seismic and Well Data over the Contract Area, reprocess 850sqkm of 3D seismic data, conduct geological studies and drill one (1) exploratory well. The contract was extended in 2017 for another one and half years (1½ years) without any satisfactory progress on the minimum work obligations required by the petroleum agreement. In the 2019 ACEP Contract Monitor, the contractor is reported to have commenced reprocessing of existing seismic data. The obligatory exploration well, however, remained undrilled. In 2020, the contractor submitted plans and indicated commencing the process of rig tendering, tangibles contracts, and support services contracts for its exploration drilling. These plans were, however, suspended due to the pandemic. The Minister for Energy granted Eco Atlantic a restitution time of eight (8) months to compensate for the time lost due to the pandemic. In 2021, the contractors resumed plans towards drilling its obligatory exploration well, Dawadawa-1X, in Q2 2022, with well planning and drilling-related procurements.	The contractors' drilling campaign for its obligatory well, Dawadawa1X, is scheduled for Q4 2022 after being postponed from an earlier schedule of Q2 2022. The new schedule remains speculative, given the history of inactivity on the block. However, the 2022 Semi-Annual Report of PIAC reveals that the contractors are reportedly engaged in well planning and drilling-related procurements.
East Cape Three Point	Medea Development Ltd (Operator), Cola Natural Resources, GNPC **Effective Date:** December 4, 2013 **Initial Exp. Period:** 3 years + 1 year extension (2016-2017) + 1½ years extension (2017-2019)	The contractors on this block are required to acquire 1200sqkm of 3D seismic data, conduct geophysical studies and drill one (1) exploration well. The contractors successfully acquired 1,450sqkm of 3D seismic data in its initial exploration period, setting the stage for a drilling campaign. In 2016, the contractors got a one (1) year extension to execute its drilling program. They got another 1½ year extension in 2017 without drilling the obligatory well. In the 2019 ACEP Contract Monitor, the contractors did not drill the obligatory well. Subsequently, the contractors are reported to have acquired and processed 3D seismic data to commence its drilling program in 2020. The drilling program was, however, suspended due to the effects of the pandemic. The Minister of Energy has consequently granted an 18-month extension to the contractors to drill the obligatory well as required by their minimum work obligations. Medea is planning to drill its obligatory exploration well in Q1 2022.	The contractors' drilling campaign for its obligatory well is scheduled for Q4 2022. This schedule remains speculative, given the history of inactivity on the block. However, the 2022 Semi-Annual Report of PIAC reveals that the contractors are reportedly engaged in well planning and drilling-related procurements.

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Expanded Shallow Water Tano	Base Energy (Operator, formerly Erin Energy), GNPC EXPLORCO, GNPC **Effective Date:** January 23, 2015 **Initial Exp. Period:** 2 years + 2 years extension to 2019	In the initial exploration period, the contractors on this block are required to reprocess existing 2D seismic data, acquire 1500sqkm of 3D seismic, and drill one (1) exploration well. The preliminary ITLOS ruling affected the block, which placed an injunction on petroleum activities on the block. The contractors were subsequently granted a 2-year extension in 2017 to compensate for lost time from the ruling. In the 2019 ACEP Contract Monitor, the contractors were reported to have failed to fulfil their minimum work obligations. The operator of the block, Erin Energy, which controlled 60 percent of the block, went bankrupt in 2018, effectively relinquishing its interests. The 2021 Semi-Annual Report of PIAC reveals that Base Energy has been assigned operatorship and granted a 3-year extension to the initial exploration period in August 2020 to enable the contractors to fulfil their minimum work obligation. Base Energy claims it has completed economic screening and appraisal options for three existing discoveries on the block and plans for extended well testing options. It is worth noting that Base Energy reports an increase in their interests from 5 percent to 67.5 percent. It is unclear how Base Energy acquired Erin Energy's interests. Any relinquished blocks and interests in Ghana's upstream petroleum reverts to the State. While the law adequately provides for relinquished blocks, there is a gap in how the State should deal with relinquished interests.	After assuming operatorship of the block, Base Energy is seeking farm-in partners to finance its exploration campaign. The block is one of the six selected blocks the Ministry of Energy marketed to investors as part of the 2022 Ghana Oil and Gas Roadshows in Houston, USA, London, and Aberdeen, UK. The 3-year extension granted Base Energy to fulfil its minimum work obligations elapses in 2023. With respect to payment obligations on the Expanded Shallow Water Tano block, Base Energy has an outstanding surface rental payment of US$800.00
West Cape Three Point Block 2	Springfield E&P (Operator), GNPC EXPLORCO, GNPC **Effective Date:** July 26, 2016 **Initial Exp. Period:** 2½ years + 2 years extension granted in 2016 to 2021.	This block is in the pre-development phase after a successful drilling campaign amidst the constraints of Covid-19, which resulted in discoveries on its Afina-1X well. Springfield claims this discovery straddles Eni's Sankofa field, but Eni disagrees with the position. The Minister of Energy subsequently directed the unitization of both fields for joint production in October 2020. This directive has led to a protracted legal tussle between the two companies since 2020. Springfield has filed a suit to enforce the Minister of Energy's directive. In June 2021, Springfield filed and won an application at a Commercial High Court for preserving 30 percent of oil proceeds from the Sankofa Field in an escrow account, pending the final determination of the case commenced by Springfield in respect of the unitization directive. Eni filed for a judicial review of this decision and lost. In August 2021, Eni filed a lawsuit at the International Tribunal in London to challenge the Minister's directive to unitize the two fields. As of the time of this report, that case is still pending at the Tribunal, with no conclusive agreement on unitizing the two fields.	The dispute between Springfield and Eni Ghana over the Minister of Energy's unitization directive remains unresolved and is pending arbitration at the International Tribunal in London. This has stalled any development on Springfield's Afina-1X and the potential revenues that could accrue to Ghana.

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
South West Saltpond Block	Britannia U (Operator), Hills OMC, GNPC **Effective Date:** July 17, 2014 **Initial Exp. Period:** 3 years + 27 months extension	The contractors on this block are required to reprocess 800 km of existing 2D seismic data, acquire and process 1500sqkm new 3D seismic data and drill one (1) exploratory well. Without satisfying these obligations, the contractors were granted a 27-month extension to their initial exploration period. The 2019 ACEP Contract Monitor reports that the contractors were still interpreting seismic data, but the full extent of their work obligation has not been met. No drilling has been undertaken. There were reports of an internal conflict among the partners, confirmed by the Petroleum Commission. This conflict has been resolved, and the partners have brought a Norwegian partner to provide technical and financial assistance. The contractors have requested another extension to complete their work and expenditure obligations.	The agreement for this block was terminated on 27th April 2021 for non-performance. The block is one of the six selected blocks the Ministry of Energy marketed to investors as part of the 2022 Ghana Oil and Gas Roadshows in Houston, USA, London, and Aberdeen, UK. With respect to payment obligations on the South West Saltpond Block, Britannia U has an outstanding surface rental payment of US$760,208.83 as of June 2022.
Shallow Water Cape Three Points	Sahara Energy (Operator), GNPC, Sapholda E&P **Effective Date:** July 18, 2014 **Initial Exp. Period:** 3 years	The contractors on the block are required to conduct geological and geophysical studies and drill one (1) exploration well.The contractors have failed to deliver on their minimum work and financial obligations since the expiration of their initial exploration period. While there is no evidence that the contractors were granted an extension after 2017, the petroleum register still lists them as the Shallow Water Cape Three Points holders. The 2021 PIAC Semi-Annual Report reveals that the Petroleum Commission has commenced processes for the termination of this agreement on the grounds of non-performance.	The agreement for this block was terminated on 27th April 2021 for non-performance. With respect to payment obligations on the Shallow Water Cape Three Points Block, Sahara Energy paid US$71,934.93 out of the US$146,934.93 in outstanding Surface Rentals in the first quarter of 2022, leaving an unpaid balance of US$75,000.00. The block is one of the six selected blocks the Ministry of Energy marketed to investors as part of the 2022 Ghana Oil and Gas Roadshows in Houston, USA, London, and Aberdeen, UK.

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Onshore/Offshore Keta Delta Block	Swiss Africa (Operator), Pet Volta Investments, GNPC Effective Date: April 01, 2016 Initial Exp. Period: 3 years	The contractors on this block are required to acquire, process, and interpret 1100sqkm of 2D seismic data and drill one (1) exploration well. In the 2019 ACEP Contract Monitor, the contractors were reported to have failed to fulfil their minimum work obligations but continued to hold on to the block. The 2021 PIAC Semi-Annual Report reveals that the Petroleum Commission has commenced processes for the termination of this agreement on the grounds of non-performance. It also reports that Swiss Africa has written to the Ministry of Energy to appeal the decision.	The agreement for this block was terminated on 27th April 2021 for non-performance. The 2021 PIAC Annual Report reveals that Swiss Africa has written to the Ministry of Energy to appeal the termination. With respect to payment obligations on the Onshore/Offshore Keta Delta Block, Swiss Africa has an outstanding surface rental payment of US$862,500 as of June 2022.
Offshore Cape Three Points South Block	UB Resources (Operator), Royalgate Gh Ltd, Houston Drilling Management Gh Ltd., GNPC Effective Date: September 17, 2014 Initial Exploration Period: 3 years + 1 year extension	The contractors on this block are required to license and reprocess existing 600sqkm of 3D seismic data relating to the contract area and drill one (1) exploration well. The contractors have consistently failed to deliver on their minimum work obligations yet continue to hold on to the block. The 2021 PIAC Semi-Annual Report reveals that the Petroleum Commission has commenced processes for the termination of this agreement on the grounds of non-performance.	The agreement for this block was terminated on 27th April 2021 for non-performance. With respect to payment obligations on the Offshore Cape Three Points South Block, UB Resources has an outstanding surface rental payment of US$105,415.58 as of June 2022. The block is one of the six selected blocks the Ministry of Energy marketed to investors as part of the 2022 Ghana Oil and Gas Roadshows in Houston, USA, London, and Aberdeen, UK.

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Deep Water Tano-CTP Block	Aker Energy (Operator), Lukoil, Fuel Trade, GNPC EXPLORCO, GNPC Effective Date: July 19, 2006 Initial Exploration Period: 3 years	This block is in the pre-development phase after successful discoveries and appraisal of the Pecan, Almond and Beech oil discoveries.A Plan of Development (PoD) submitted in 2019 to progress the field to development was rejected with recommendations for revision and resubmission. In 2020, Aker Energy suspended and postponed all Pecan Field development activities because of the impact of Covid-19. As of the time of this report, the contractors have not submitted a revised PoD for the Pecan Field as expected. In 2021, GNPC proposed and submitted a memo approved by Cabinet to Parliament to acquire an additional 37 percent share in this block. This proposal raised significant opposition on the propriety and fiscal implications from CSOs in the sector and other stakeholders in the industry. The advocacy from these actors raised essential threats of the proposal to the country's fiscal situation, including issues with the valuations and value-for-money concerns resulting in a suspension of the plans.	Aker has enjoyed consistent extensions to submit a revised POD after failing to deliver on several deadlines. In 2022, the company failed to meet the June 30, 2022, deadline and sought an extension because of potential sanctions on Russian oil firm Lukoil (a partner on the block) due to the Russian-Ukraine War. Lukoil maintains that the decision to postpone the submission of the revised POD has no lawful grounds. The Ministry of Energy granted a three-month extension from June 30, 2022. ACEP's industry intelligence indicates that Aker failed to meet this deadline, with another extension granted to December 2022.
South Deep Water Tano	AGM Petroleum (Operator), GNPC EXPLORCO, GNPC Effective Date: September 10, 2013 Initial Exploration Period: 3 years+ 2 years extension	This block is in the pre-development phase after the successful discovery of one of its two drilled wells, the Nyankom – 1X, in 2019.The block is yet to be appraised.The 2021 PIAC Semi-Annual Report reveals that the contractors prepared an appraisal programme for the Nyankom discovery to be submitted in Q3 of 2021. In 2021, GNPC proposed and submitted a memo approved by Cabinet to Parliament to acquire an additional 70 percent share in this block. This proposal raised significant opposition on the propriety and fiscal implications from CSOs in the sector and other stakeholders in the industry. The advocacy from these actors raised essential threats of the proposal to the country's fiscal situation, including issues with the valuations of a non-appraised asset and value-for-money concerns, resulting in the suspension of the plans.	AGM resumed work in April 2022 after a brief suspension in April 2020 and is seeking an extension to the Initial Exploration period.

Contract Area	Contract Parties	2021 Update on Contract Obligations	2022 Update on Contract Obligations.
Cape Three Point Block 4	Eni Ghana (Operator), Vitol, WoodFields E&P, GNPC EXPLORCO, GNPC Effective Date: April 14, 2016 Initial Exploration Period: 3 years	This block is in the pre-development phase after successful gas and condensate discovery in its Akoma-1X exploration prospect in 2019 and significant oil discovery in its Eban-1X exploration prospect in 2021. Preliminary estimates from Eni indicate that the Akoma-Eban complex has the prospect of 500 and 700 million barrels of oil equivalent (mmboe) and could progress quickly to production due to its proximity to existing infrastructures on OCTP Sankofa field operated by Eni.	Eni submitted an appraisal programme for the Akoma and Eban discoveries, awaiting approval from the Petroleum Commission. As part of the work requirements for the Second Extension Exploration Period, preparations are now being made for drilling a new exploration well (Aprokuma-1X).

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ACEP is a thought leader in Africa's energy and extractives governance space, working towards improving economic transformation and inclusive sustainable development. We contribute to developing alternative and innovative policy interventions through high-quality research, analysis, and advocacy in Africa's energy and extractives sector.

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