
An oil exploration site. The Government has retained two oil blocks in the Albertine region from two foreign firms after the expiry of their licences with little or no work done

MORE INTERNATIONAL FIRMS EXPRESS INTEREST IN UGANDA'S OIL BLOCKS

EXPLORATION

As 2026 approaches, first oil is on the horizon. Several local and international companies have made investments in the Albertine area. However, these are just on the developed wells. The Government is opening up licences for further explorations to find economically viable deposits, writes Martin Kitubi

Whereas the Government has retained exploration oil blocks from two foreign firms, several others have expressed interest in investing in the industry.

Sources familiar with the development have revealed that more than five firms have expressed interest in developing the Jobi-East, Mpyo and Lyec oil fields in the Albertine Graben.

The trio have already been explored and has in excess of 100 million barrels of confirmed oil reserves.

A barrel of oil is equivalent to 158.987lts of crude oil. This means that the trio have more than 15.8 billion litres of crude oil.

Until 2023, licences for both Jobi-East and Mpyo were held by TotalEnergies. In January 2023, TotalEnergies applied to the energy ministry for a certificate to surrender the oil blocks. This was confirmed a few months later and the oil blocks have since gone back to the Government.

"These oil blocks have established reserves, and there are several companies that have expressed interest in developing them," a source said.

"The companies that will successfully get them will only carry out an appraisal because exploration was conducted with rich data."

The source said it will be cheaper to develop the three blocks because little will need to be invested. The source added that the existing infrastructure will be utilised to produce crude oil from these blocks.

"These blocks are near the Tilenga development area. That means, for any developer, they only need to sign agreements to utilise the Tilenga infrastructure.

The source asked to be protected because they are not allowed to speak to the media without approval.

"The successful company will only hook up these fields into the Tilenga production facilities and share proceeds," the source said.

GOVT RETAINS TWO MORE BLOCKS

Relatedly, the Government has retained two oil blocks in the Albertine region from two foreign firms after the expiry of their licences with little or no work done.

Continued on 22

CURRENT STOCK

The latest data from the Petroleum Authority of Uganda (PAU) indicates that there is more oil from the existing oil wells within the Albertine Graben.

Ernest Rubondo, PAU's executive director, noted that the country's petroleum resources currently in place increased from 6.5 billion to 6.65 billion barrels, and that the recoverable resources increased from 1.4 billion to 1.65 billion barrels.

The increase, he said, was due to improved understanding of existing oil and gas discoveries in the Albertine Graben, driven by an enhanced data portfolio.

From page 21

TWO LICENCES REVERT TO PETROLEUM AUTHORITY

The two blocks include Kanywataba and Turaco, both located in Ntoroko district. Their licences expired in May.

The Kanywataba contract area was operated by Armour Energy Uganda, which run down its licence for six years.

Although there was some work done, sources in the Government explained that Armour Energy did not drill any wells in Kanywataba, a condition for the licence extension.

Had they drilled, the source indicated that the company would have been given an additional two years to appraise the block before production.

The Petroleum Authority of Uganda (PAU), the sector regulator, indicates that Amour Energy conducted only a few studies, such as surface soil geotechnical surveys, 146km of reprocessed existing two-dimensional data, as well as acquiring and purchasing 121-line KM of new 2D seismic data.

For Turaco, the expired licence had been granted to DGR Energy SMC, a subsidiary of the Australian DGR Energy Global.

The Turaco area spans 635 square kilometres and was awarded to DGR in 2023.

The licence holder had committed to carry out several works, but sources revealed that no work was done, which eased their chances of renewing the licence for an additional two years.

The development of the Government retaining these two blocks was announced by Ernest Rubondo, the executive director of PAU.

While addressing journalists at the PAU headquarters in Entebbe recently, Rubondo indicated that the licences had expired and that the country reserves the right to renew or not to renew the licence.

"It is true the licences for both Kanywataba and Turaco expired. But that's not our mandate, the licences are granted by the energy ministry, which reserves the right to renew or not," he said.

Batebe

Rubondo made the remarks during a presser on the 10 years of service by PAU.

WHAT NEXT

The Government has two options on how the oil blocks can be licensed to other potential developers.

First, direct application; a company, whether local or international, can apply directly to the energy minister, asking for a licence. The ministry, after investigation and establishing that the company is competent, awards the licence.

The second option is through the third licensing round, expected during the first quarter of 2026. This implies that between now and March 2026, the ministry will announce a third licensing round that will include several oil blocks, including Kanywataba and Turaco.

"The second licensing round is around the corner and we will attract other players," another source added.

WHAT LICENCES ARE IMPORTANT

If Uganda confirms more oil resources in these blocks, it means the country will have more resources to run the oil and gas infrastructure under development.

In a recent interview, Eng. Irene Batebe, the energy ministry permanent secretary, explained that the studies and exploration works at the different oil blocks are part of the greater goal to discover more oil for the country.

Batebe said the current oil discoveries are expected to be extracted for about 25 years, and yet the infrastructure can be utilised even further with more resources.

"We are drawing closer to the completion of the crude oil pipeline and production. Around the financial year 2029/2030, our oil refinery will be up and running. We will have many more benefits if we discover more oil to keep the infrastructure running beyond 25 years," she said.

Rebate added that the Albertine Graben, which has since shown more potential, has over 60% of the acreage not yet explored and that about 78% of that acreage is currently not under any licence.

This means that only 21.7% of the area, which is currently licensed, has undergone some level of exploration.