



SECTOR PROFILE

OIL AND GAS

Introducing **Namibia**

Namibia is ranked amongst the world's most politically stable countries. The Namibian Government is committed to stimulating economic growth and employment through the attraction and retention of investments.

Namibia's primary infrastructure is well-developed and modern, with a good transport system whose road infrastructure quality is ranked the best in Africa, an efficient communication system with global cellular networks and globally competitive broadband, as well as a sophisticated financial sector.

A land of contrasting beauty, Namibia is strategically located on the south-western coast of Africa and serves as a quintessential trade conduit with the rest of the world for landlocked countries including Botswana, Zambia, Zimbabwe and the Democratic Republic of Congo through the port of Walvis Bay. Compared to other ports in the region, the congestion-free port of Walvis Bay offers shipping line time savings of up to five days to Europe and the Americas, and is a springboard into the Southern African Development Community (SADC) trade block, with a market access of 330 million people.

The country is endowed with natural wind and sun resources, and is considered to be amongst the most competitive destinations in the world with potential to become a producer and exporter of green hydrogen, reckoned to catalyse the decarbonisation of the planet.

Namibia is a middle-income country whose considerable successes rest on a stable multiparty parliamentary democracy that delivers sound economic management, good governance, fundamental civic freedoms and respect for human rights.

Namibia values long-term relationships with foreign investors, and provides numerous opportunities for international investors seeking a foothold and growth on the African continent. The Government has put in place an enabling environment to assist with identification of opportunities, syndicate financing, operating and tax incentives in certain sectors, particularly manufacturing, and one-stop bureau services for establishment of local operations of international companies.

The Namibia Investment Promotion and Development Board (NIPDB) serves as a one-stop shop for all companies aspiring to do business in Namibia. As a public entity in the Office of the President, the NIPDB exists to facilitate investments into Namibia.

This brochure presents the Namibian sectors which are abundantly filled with development opportunities awaiting investment. The areas of green hydrogen, renewable energy, oil and gas, chemical industry, sustainable tourism, transport and logistics and value addition opportunities in the mining sector.





Sector Profile

Oil and Gas

Overview of sector and significance in Namibian economy

Namibia is poised to become a major player in the oil and gas industry given its known gas deposits and recent oil deposits discoveries. The discovery of oil deposits has been reported both onshore, in the Kavango East region and offshore, in the Orange Basin. Regarded by many as a “game changer” as it will attract billions in investments. The Government of Namibia has pledged to provide all the necessary support to expedite the field development to achieve production by 2026.

The NAMCOR and ReconAfrica partnership, announced preliminary analysis of the data which provides clear evidence of a working conventional petroleum system in the Kavango Basin.

NAMCOR and its partners, Shell Namibia Upstream B.V and Qatar Energy, announced that the Graff-1 deep-water exploration well has made a discovery of light oil in both primary and secondary targets. The company is currently engaged in extensive laboratory analyses to determine the reservoir of the available oil deposits. The drilling of the second exploration well will determine the size and recoverable potential of the identified hydrocarbons.

NAMCOR together with its partners TotalEnergies and QatarEnergy also announced another discovery of major light oil and associated gas on the Venus-1X prospect, located in block 2913B (PEL 56) in the Orange Basin, offshore southern Namibia. The Venus-1X discovery is located approximately 290 kilometres off the coast of Namibia, in the deep-water offshore exploration block.

Presence and opportunities in the Oil and Gas sector

The oil and gas sector is a fairly new sector that requires further development. Currently the focus has been on the upstream activities which include searching for potential underground or underwater crude oil and natural gas fields, drilling of exploratory wells, and subsequently bringing the crude oil and/or raw natural gas to the surface. To this end, the Ministry has issued a number of exploration licences that resulted in the latest discovery of oil in Namibia.

The downstream activities based on Namibian crude oil will start once the oil discovery proves to be commercially viable. Though the recent drilling revealed deposits of oil reserves, more work is still underway to confirm the exact volumes. Should the oil be commercially viable, there would be more downstream opportunities such as refinery, reforming, blending storage, mixing and shipping. (However, several downstream opportunities already exist primarily due to the increased regional demand for petroleum, coupled with the dwindling supply from South African refineries.)

The international oil companies are invited to apply for petroleum exploration licences in Namibia, under the Open Licensing System which was adopted in 1999. Companies can now apply at any time for acreage.

How to invest in the Oil and Gas industry

The Government of Namibia has a modern and well developed legislative framework governing the Namibian upstream oil and gas through the following legislations:

1. Petroleum (Exploration and Production) Act, 1991 (Act 2 of 1991);
2. Petroleum Taxation Act, 1991 (Act 3 of 1991);
3. Petroleum Laws Amendment Act, 1998 (Act 24 of 1998); and the
4. Model Petroleum Agreement (MPA), 2007.

Additionally, NAMCOR is a State-owned company that takes care of the government's interest in the Namibian mineral resources. NAMCOR has the option to voluntarily participate in the licence agreement if offered by the company during negotiations. NAMCOR's interests are usually carried out during the exploration phase but they will also contribute to the development phase and beyond. However, no applicant is compelled to offer NAMCOR a share in a licence and no applicant will therefore be penalised for not making an offer to NAMCOR.

Shared experience of Domestic and Foreign Investments in Namibia



Following the recent success of the Graff-1 well by Shell, the second light oil discovery by TotalEnergies has demonstrated the world-class potential of this new play in the deep-water of the Orange Basin, which could be a major game changer for Namibia's economy and its people. We look forward to the upcoming appraisal programme to quantify the extent of this major discovery.

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