



**MEDIA STATEMENT ON THE DEVELOPMENTS IN THE
UPSTREAM PETROLEUM INDUSTRY**

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CEO of PASA, Dr Phindile Masangane
Officials of the DMRE
Members of the Media
Fellow South Africans,

We have decided to convene this press conference to address an issue that is of major concern to us, that is – the unrelenting attacks on the oil and gas development in South Africa.

Section 24 of the Constitution commands that everyone has a right to have the environment protected, for the benefit of present and future generations, through measures that - among others - secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development. Meaning, when there is an economic benefit to the nation and its citizens, the environmental impacts must be minimised.

1. SEISMIC SURVEYS AND THEIR COMMON APPLICATIONS

Seismic surveys have been undertaken for decades globally in search of oil and gas. They are used for the identification of hydrocarbon bearing structures and sub-surface rock formations that might contain oil or gas. The seismic source is not an explosion or blasting in the ocean as purported by some in the media. It is compressed air that is released into the seabed. The potential impact of this to marine life has been studied over time and there is currently no conclusive evidence and/or scientific research globally that demonstrates that seismic surveys have caused irreparable harm to marine life, including mammals and fish.

Seismic surveys have wide applications used globally and in South Africa, including:

- ✓ In the military;
- ✓ In the identification of national maritime zones and boundaries;
- ✓ Scientific research of sub-seabed geology and

- ✓ More recently, seismic surveys are also used for accurate placement of offshore renewable energy infrastructure (i.e. to determine the best suited locations for off-shore wind turbines)

The applications of all these seismic surveys worldwide have not been met with the resistance we are seeing in our upstream petroleum space. In the last five years, there have been at least 12 seismic surveys in South Africa, including a 3D seismic survey by a company called “PGS” in 2018 in the same area that is being contested today.

Let me also outline the mitigation measures deployed during seismic operations in our upstream petroleum industry:

- The National Environmental Management Act (NEMA) regulations require a 2-kilometre buffer zone from marine protected areas. However, in our case, we impose a 5-kilometre buffer restriction to licensees.
- A 60-minute pre-watch survey is undertaken prior to the release of the compressed air to ensure that no marine fauna are within 500 metres of the operation.
- 20 minutes before the survey is initiated, there is a soft start procedure which ensures that marine fauna can swim away from the area if there are any at the time
- Should there be a marine animal species that enter the 500 metre exclusion zone, operations are halted. Additionally, independent marine observers continuously observe compliance during operations.
- Specialist Passive Acoustic Monitoring Operators and Fisheries Liaison Officers are always on the vessel to monitor compliance for the duration of the operations. These specialists provide daily reports to the regulator - Petroleum Agency South Africa (PASA) and the Department of Forestry, Fisheries and Environment (DFFE).

In relation to the Shell Seismic Survey, due processes were followed including an environmental impact assessment in 2013 culminating in the approval of the Environmental Management Programme (EMPr) in 2014. An independent audit was

also carried out in 2020 to test the efficacy of the mitigation measures in the 2014 EMPr, this audit report was shared with the registered interested and affected parties and no objections were received.

2. OIL AND GAS DEVELOPMENTS IN OTHER ECONOMIES

Oil and gas exploitation has been carried out for decades across other economies in the World, including for more than 50 years in Norway, more than 80 years in Saudi Arabia and over 100 years in Germany. These economies are thriving today, and they were built on the back of the exploitation of these resources. Africa deserves an equal chance to develop its economies on the strength of her natural resources.

Several countries on the African continent have announced their oil and gas finds which present massive opportunities for economic growth, industrialisation, and job creation. As these developments unfold, we have noted with interest, the pushback, and objections from environmental lobby groups against the development of these resources.

I cannot help but ask myself, are these objections meant to ensure the status quo remains in Africa, in general, and South Africa, in particular? That is, the status quo with regards to energy poverty, high unemployment, high debt to GDP ratio at country level and economies that are not growing and, in some cases, jobless economic growth. Could it be possible that this is an extreme pure love for the environment or an unrelenting campaign to ensure that Africa and South Africa do not see the investment inflows they need?

A case in point is the environmental authorisation for drilling exploration issued to ENI and Sasol for their east coast block which was met by 47 appeals. The Minister of DFFE dismissed all 47 appeals concluding that the EMPr on the basis of which this environmental authorisation was issued is of a high standard and contains sufficient mitigation measures. Subsequently, the environmental lobby groups have taken the matter on legal review. These actions send a negative signal to our investors and potential investors that it is near impossible to do business in South Africa.

3. THE ROLE OF OIL AND GAS IN THE JUST ENERGY TRANSITION

Acceleration of gas development projects will be crucial in the country's just energy transition, particularly since gas could be a bridging fuel towards a lower carbon economy as it has been scientifically proven that it has lower emissions than other combustible fuels. There is no doubt that sustainable development of indigenous gas resources and their beneficiation will result in significant socio-economic benefits.

4. EXPLORATION OF MINERALS IN THE COUNTRY

South Africa's endowment with a wide range of minerals as well as their mining and export has historically positioned the country as a global mining powerhouse. This has been characterised by over 130 years of mining resulting into a sizeable contribution to the GDP. However, over the past 15 years we have seen a decline in the contribution of mining to the GDP and a decline in exploration spend in the country.

Recognising that South Africa still has a wealth of mineral commodities, we have partnered with our social partners in the mining industry and drafted an exploration strategy with an implementation plan. This strategy is aimed at driving a strong exploration program for the country that will ensure that we attract at least 5% of the world's exploration budget within the short to medium term. Consultations with both government and industry stakeholders are at an advanced stage. We will soon publish the strategy for public comments.

5. CONCLUSION

South Africa deserves the opportunity to capitalise on its natural resources including oil and gas, as these resources have been proven to be game changers elsewhere. We consider the objections to these developments as apartheid and colonialism of a special type, masqueraded as a great interest for environmental protection. South Africa's economic development is oppressed in the name of environmental protection when we have environmental framework that ensures that licensing is done with the utmost environmental care founded on Section 24 of our Constitution. We therefore

appeal to all objectors to acknowledge this and allow South Africa to exploit its natural resources for the benefit of its citizens.

Investors in the South African upstream petroleum space are assured of our commitment to work with them within the confines of the law to ensure that the exploitation of these resources is done in an environmentally friendly manner and benefit all South Africans.

I thank you.

Recent Seismic Surveys Undertaken in South Africa

SURVEY DATES	HOLDER	AREA	TYPE OF SURVEY
2015	Spectrum	Orange Basin, Off the West coast	2D survey (2 750 km)
2015/16	PGS	Outeniqua and West Bredasdorp Basins, off South Coast	2D survey (6 218 km)
2016	Schlumberger	Durban Basin, Off East Coast	3D multicient survey (3 281 km ²)
2018	PGS	Durban and Transkei Basins, off East Coast	2D (7 365 km) and 3D (3 114 km ²) surveys
2019/20	Total/Shell/PetroSA	Off West Coast (224ER)	3D survey (approx. 10 000km ²)
2019	Total	Block 11B/12B, Off South Coast	3D survey 2110 km ²
2019/20	Total	Block 11B/12B, Off South Coast	2D survey 6370 km
2019/20	Total	Block 11B/12B, Off South Coast	3D survey 2200 km ²
2021	Shell	Northern Ultra Deep, off West Coast	2D survey 1000 km

Table 2: Recent Exploration and Production in Africa

Country	Project	Approximate Reserves	Project Stage	Capital Expenditure to date US\$
South Africa	Brulpadda/Luiperd Gas Discoveries	3 tcf	Near Development	US\$2 bn (~R30bn)
Cote d'Ivoire	Baleine Gas Prospect	1.5 boe	Appraisal	\$2.4Billion
Mozambique	Rovuma Basin	21 tcf	LNG Development	\$22Billion
Namibia	<ul style="list-style-type: none"> • Venus-1X (Total) • Graff-1 (Shell) 	Results expected in January 2022	Exploration Drilling	\$150million
Angola	40 rigs conducted the drilling of wells in 2021. CLOV development on Block 17.	55 million boe	2 nd phase development (7 wells drilled).	
Nigeria	75 rigs conducted the drilling of wells in 2021.			