

NIGERIA – SÃO TOMÉ E PRÍNCIPE JOINT DEVELOPMENT AUTHORITY

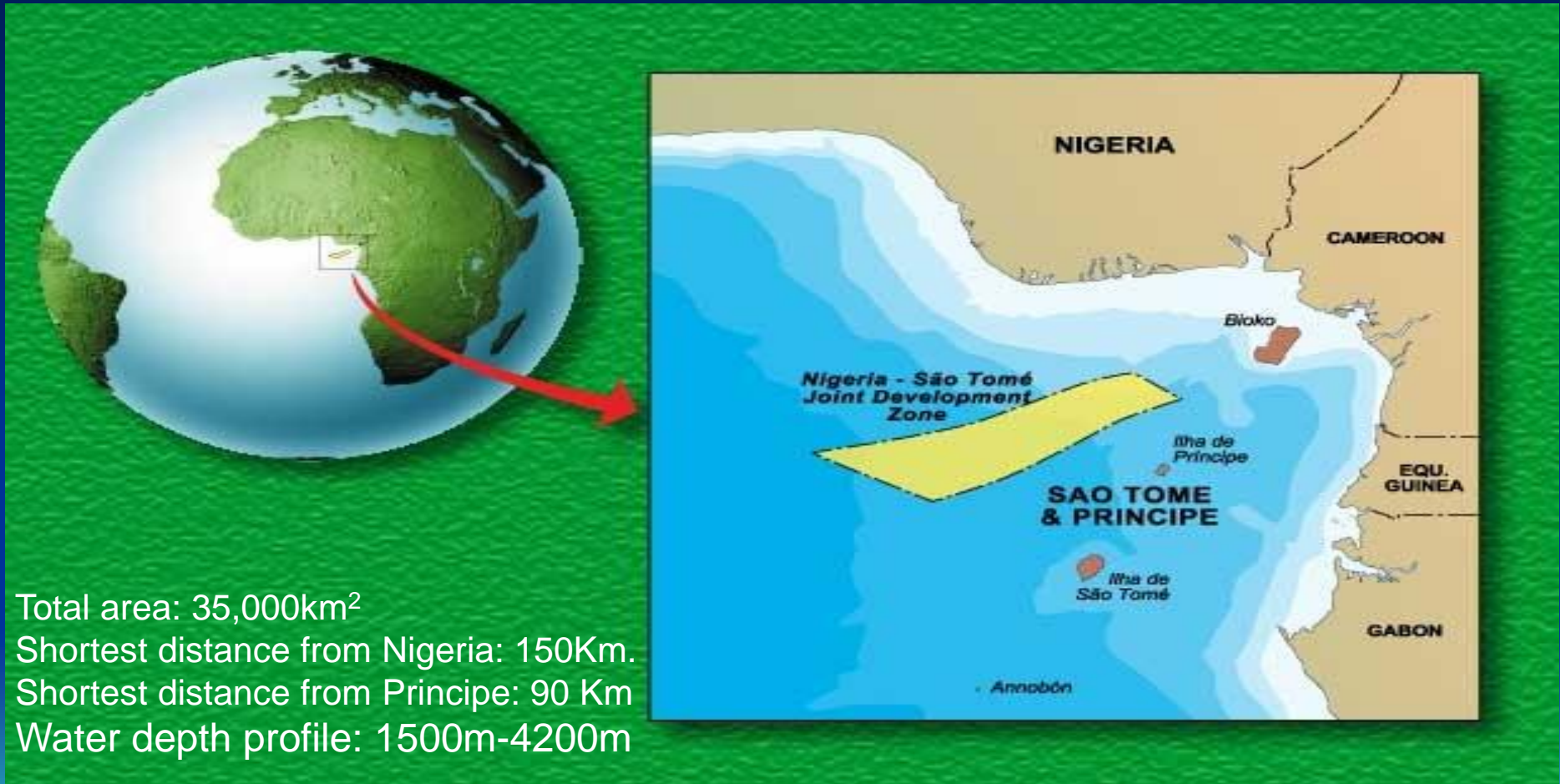
MONITORING AND INSPECTION DEPARTMENT

PRODUCTION OF THE MONITORING
AND INSPECTIONS DEPARTMENT

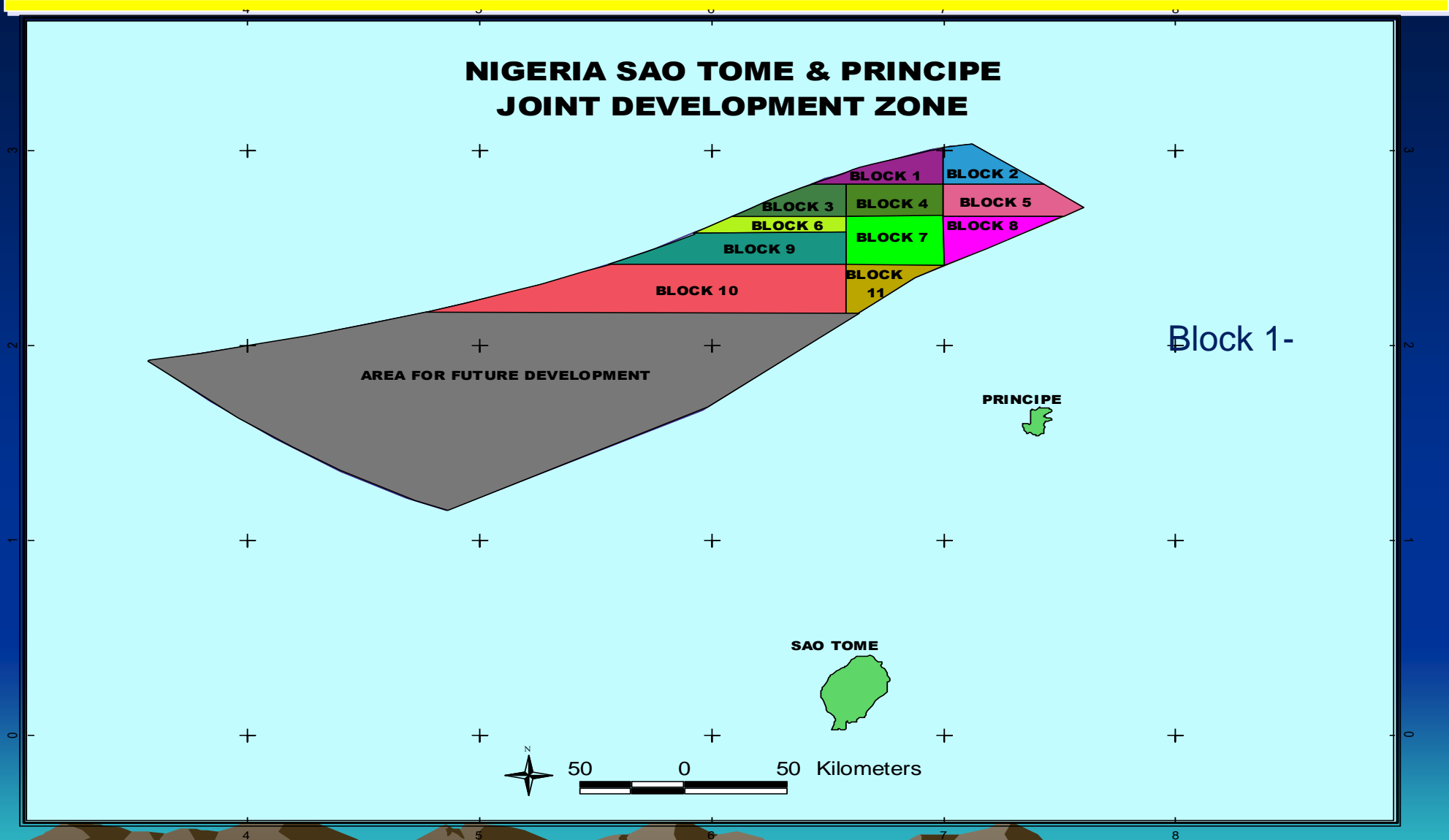
The monitoring and inspection department is responsible for the oversight function of the hydrocarbon activities in the JDZ. The department ensures the compliance with all petroleum laws and regulations, encouraging efficient exploration and exploitation of JDZ petroleum in accordance with the treaty, having due regard to the protection of marine environment and in a manner consistent with generally accepted good oil field practices.

Other functions include the issuance and renewal of permits and licences, inspection of operational sites, organisation of licensing rounds leading to the allocation of oil blocks, impose fines and close down non-compliant operations.

GEOGRAPHIC POSITION OF THE JOINT DEVELOPMENT ZONE(JDZ)

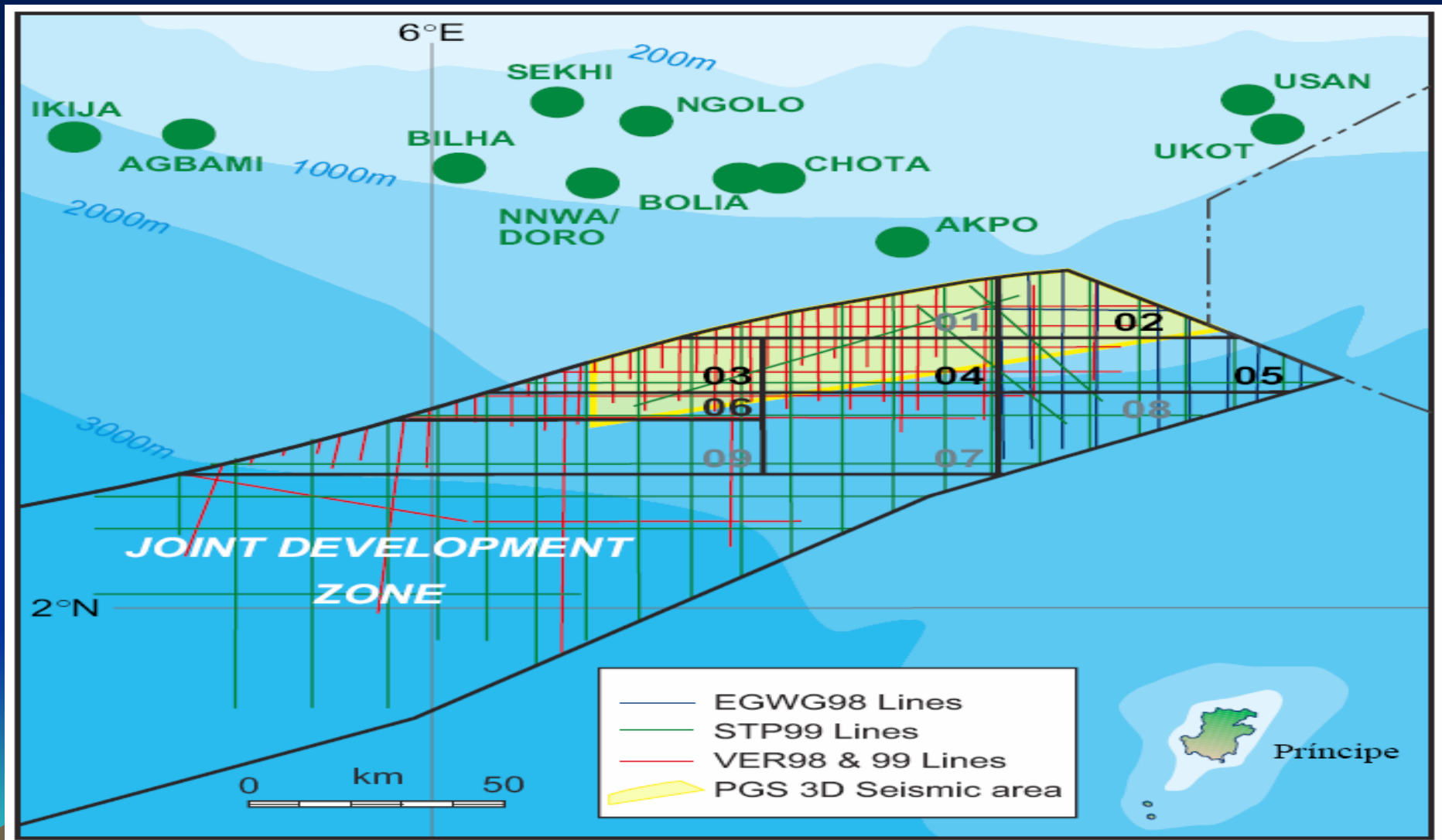


JDZ- BLOCKS Delineation



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3D Seismic Coverage Area of the JDZ

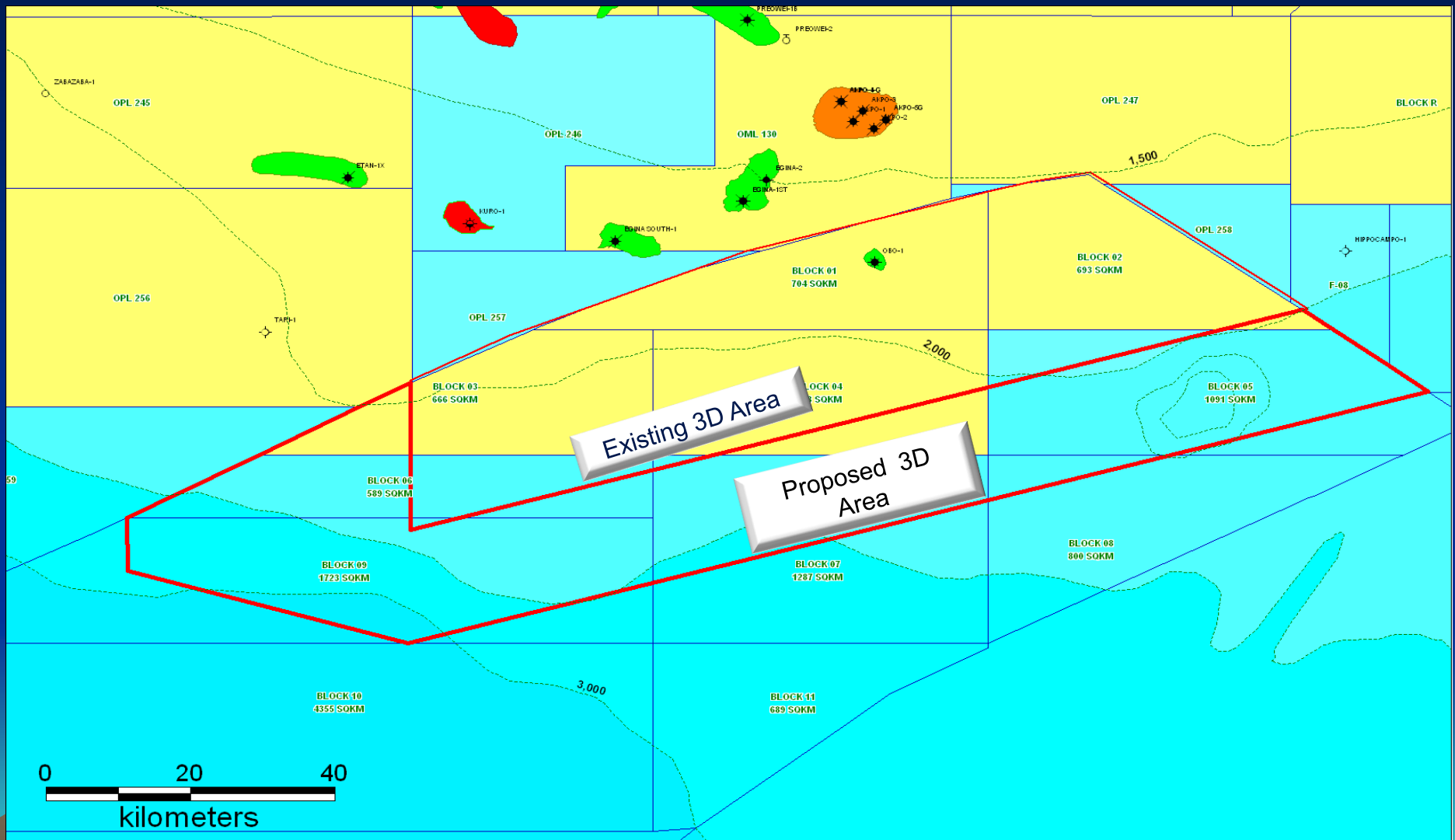


JDZ BLOCKS 1 – 9

3D SEISMIC COVERAGE

BLOCK	TOTAL AREA (SQ. KM)	AREA COVERED BY 3D SEISMIC (SQ.KM)	PERCENTAGE AREA COVERED BY 3D SEISMIC(%)
01	704	704	100
02	692	677.26	97.86
03	666	527	79.1
04	857	703.95	82.1
05	1091	173.98	15.95
06	588	221.58	37.68
07	1286	20.70	1.61
08	822	0	0
09	1723	10.40	0.6

Map of JDZ showing area of 3D seismic coverage



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AWARD OF INTEREST AND MANAGEMENT OF PETROLEUM OPERATIONS

To date, JDA has awarded six(6) blocks in the JDZ from two(2) licensing rounds carried out in 2003 and 2004. These licensing rounds attracted major international oil companies such as chevron Texaco, ExxonMobil, sinopec and later Total Nigeria Plc., international intermediates like Addax, Anadarko Petroleum, Energy Equity Resources/Afren and Sasol, as well as indigenous oil companies like Dangote Oil and Gas Ltd., Conoil, ERHC, Oranto Petroleum, etc.

There were however some reassignment or relinquishing of interests even though hydrocarbons were encountered in all the blocks. A common reason mentioned for this was that the quantity of hydrocarbon encountered was not sufficient to sustain economically viable projects, based on their portfolio rankings.

CURRENT AWARD STRUCTURE

AWARD STRUCTURE – BLOCK 1

COMPANY	EQUITY	REMARKS
PAPIS Energy	31.81%	Operator
Nakudu Nigeria Ltd.	41%	
Equator Hydrocarbons Ltd.	10%	
A.A. Rano oil Ltd./JDZ Investment International Ltd.	17.19%	

Location: North Western tip of the JDZ

Area: 704Km²

Contract Type: PSC and JOA

Seismic data coverage: 2D and 3D 100%

Wells drilled: 3 wells (Obo-1, Obo-2 and Enitimi)

Available opportunities: there is opportunity for farm-in or acquisition with/from Nakudu, Equator and A.A. Rano/JDZIL.

Appointment and replacement of operator is the preserve of the JDA, based on technical and financial competence.

AWARD STRUCTURE – BLOCK 2

COMPANY	EQUITY	REMARKS
Oranto petroleum Ltd.	65%	Operator - designate
ERHC	30%	
Foby Engineering company Ltd.	5%	

Location: North eastern tip of the JDZ

Area: 692km²

Contract type: PSC and JOA

Seismic data coverage: 2D (100%), 3D (97%)

Wells drilled: 1 well (JDZ Bomu)

Well and log data available at JDA. Undrilled prospect with pre-drill estimate of over 750MM bbls delineated.

Available opportunities: there could be farm-in opportunities (including operatorship) through Oranto and ERHC. ERHC's 30% participating interest represents one of the pre-existing rights that the company acquired from DRSTP prior to the establishment of the JDZ under an option agreement between DRSTP and ERHC and exercised.

AWARD STRUCTURE – BLOCK 3

COMPANY	EQUITY	REMARKS
ERHC	20%	

Location: North Western end of NSTP JDZ

Area: 666km²

Contract type: PSC and JOA

Seismic coverage area: 2D (100%), 3D (79%)

Wells drilled: 1 well (Lemba)

Well and log data available at JDA. Undrilled prospect with pre-drill estimate of over 300MM bbls delineated.

Available opportunities: 80% participating interest and operatorship available.

AWARD STRUCTURE – BLOCK 4

COMPANY	EQUITY	REMARKS
ERHC	25%	

Location: North central part of the JDZ

Area: 857km²

Contract type: PSC and JOA

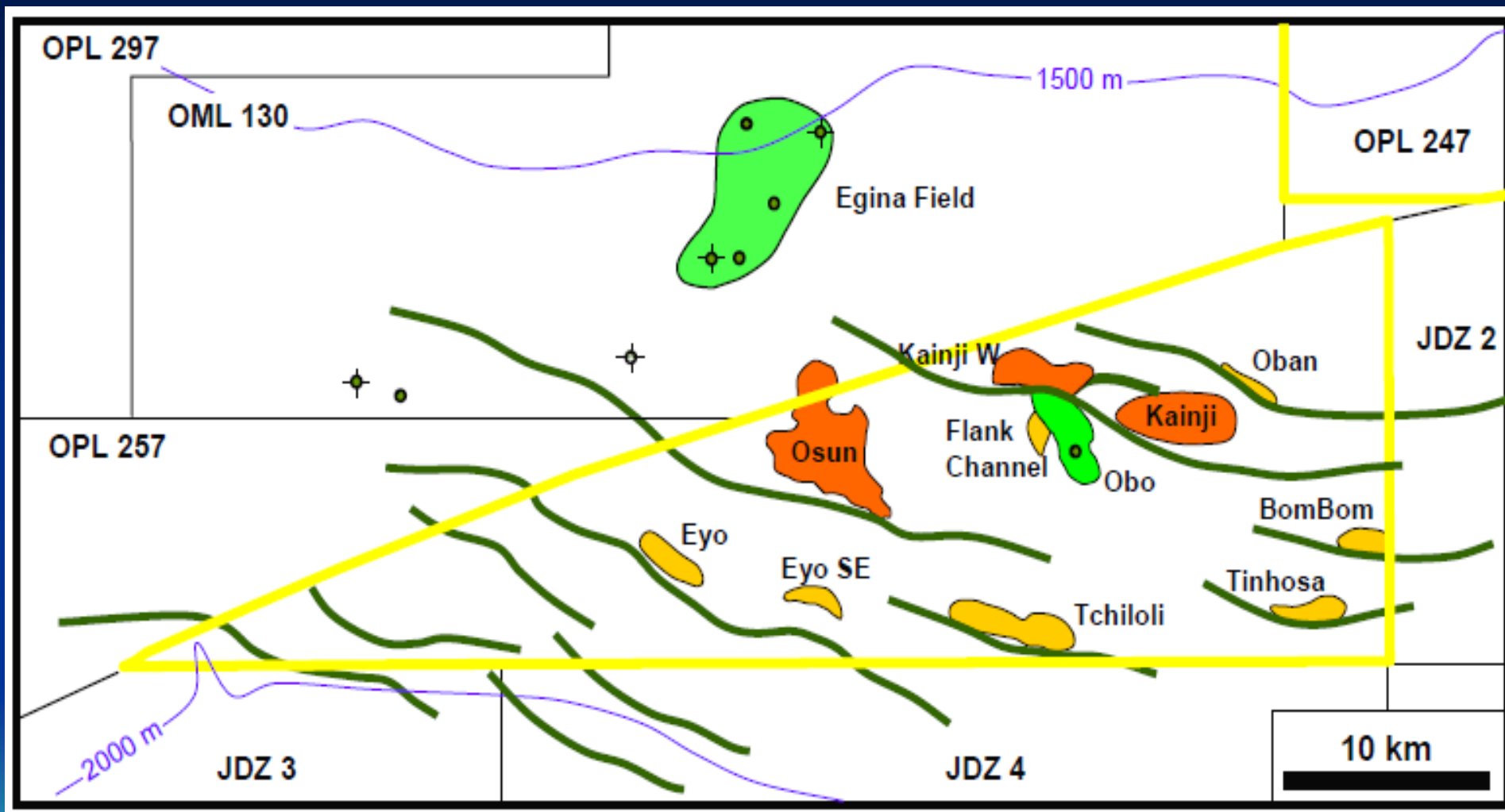
Seismic data coverage: 2D (100%), 3D (82%)

Wells drilled: 3 wells (Kina, Malanza and Oki)

Well and log data available at the JDA

Available opportunities: 75% participating interest and operatorship is available.

JDZ-1 PROSPECTS OVERVIEW



- HC Discovery
- Prospects / Advanced Leads
- Leads and Concepts
- Bathymetry

ECONOMIC IMPACTS OF THE JDZ ON STATE PARTIES

- Infrastructural development in form of social project commitments in state Parties by Block Operators have continued to be maintained
- Funding for scholarships and training programmes in the State Parties.
- Supply of goods and services by indigenous companies.
- Development of human capital through the transfer of requisite Oil and Gas skills and know-how.
- Socio-Economic impacts through enhanced employment and contract opportunities.

BUSINESS OPPORTUNITIES IN THE JDZ

- **Offshore Equipment**

- anchor handling, Tug Supply vessels.
- provision of drillship.
- standby boats.
- accommodation & crane barges.
- specialised deep offshore support vessels (ROV).

- **Engineering Services**

- conceptual and front-end engineering design services (FEED).
- feasibility & specialist studies.
- detailed engineering.
- deepwater installation analysis & design.

BUSINESS OPPORTUNITIES IN THE JDZ (cont'd)

- **Procurement & Material Supply Services**
 - supply of line pipes and drill pipes (tubulars), casings, etc
 - deepwater supply base – warehousing and open-air storage
 - project logistics base.
 - general maintenance and fabrication.
 - body shop - supply of welders, fitters and general maintenance /fabrication crew.