

Gondwana's Enigmatic Atlantic Twins – Africa and Latin America: Challenges in Realizing their Potential

Stark, Philip H., and Andrew Layman, IHS Inc, Denver, CO

Gondwana's Atlantic twins, Africa and Latin America, are endowed with substantial hydrocarbon resources, 33% of the World's remaining liquids resources and 13% of remaining gas resources, but both harbor similar challenges in realizing the potential of these resources. Resources are concentrated, with 90% in nine African basins and 81% in eight Latin American basins. The USGS estimated that Africa and Latin America hold 26% of the World's conventional yet-to-find liquids resource and 16% of the yet-to-find gas resource.

Open access to investments and enhanced deepwater technologies helped the twins to generate exceptional success from 1996 through 2004 with discovery of 59 Bbo (39% of total liquid discoveries) and 214 Tcf (26% of total gas discoveries). Deepwater discoveries from four basins in South America and four in Africa plus discoveries in three emerging onshore provinces are yielding critical production capacity. Through 2009, the twins are projected to add 4.4 MMb/d, 40% of global liquids growth and about 31% of global LNG liquifaction growth. High oil and gas prices are stimulating exploration in more frontier basins.

In contrast, though, the enigmatic twins face significant challenges in transforming resources into prosperity. The twins must expand infrastructure and local content of petroleum investments to sustain economic growth. Civil unrest and political instability elevate risks and uncertainties. Expanding international NOCs are changing the competitive landscape. Shortages of materials and manpower plus soaring costs impact developments. Creative partnerships and new technologies will confront these challenges to shape the African and Latin American energy future.