

Recent Activities in the Continued Development of the Giant Ibhubesi Gas Field, South Africa

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2001, Discovery of Gas on the West Coast

The Partnership led by Forest Oil as operators in the area of the Orange River Basin finished a drilling campaign in 2001 having drilled 4 exploration wells resulting in the discovery of what has been designated as the Ibhubesi Field, located in 220 m. water depth 70 kms, from shore and 300 kms. from any market. By various estimates the field reserves are just less than 1 Tcf of gas in 3 stratigraphic traps.

2003, PetroSA Involvement

In 2003 PetroSA joined the partnership with at 24% interest in the Ibhubesi project, paying 31 M\$ for this interest. These funds are to be used entirely and only to find additional reserves to prove field commerciality. In the 2003 drilling campaign based on a new AK03 3D survey, 4 to 6 wells will be drilled expected to add 2 Tcfg to total field reserves.

2006 and Beyond

The full project development will require 380M\$ and generate positive cash flow in 2010. Production begins in 2006 and peaks in 2008 at 77 Bcfg/y generating 200M\$/y gross revenue. Development components include Subsea completions, pipelines and compression facilities, liquid handling, GTL, CCGT IPP, and displacement of Coal and Nuclear power generation.

The project has and will continue to provide training and upskilling benefits to a new generation of South African geoscientists and engineers. But most importantly it will provide a large and stable national energy resource that will provide cheap and clean energy for South African businesses and homes, assuring potential for future economic growth.
