



**OGADEN BASIN, JIMMA BLOCK AND GAMBELLA BASIN**

**DECEMBER 2012**

## Ogaden Basin, Jimma Block and Gambella Basin

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### OGADEN BASIN OVERVIEW

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MAP SHOWING OGADEN BASIN REGION

The Ogaden Basin is the largest proven hydrocarbon bearing sedimentary basin in Ethiopia and covers about 350,000 sq km of land.

The sedimentary rock in the basin is 10,000m deep and very similar to oil and gas rich areas in the Middle East, making it highly likely to contain oil and gas.

Petronas, a Malaysian oil exploration company, conducted a study of the Ogaden Basin in 2004-2005 with the Ethiopian Ministry of Mines and Energy (MoME). The 22-month successful study resulted in Petronas seeking to licence a majority of the 22 exploration blocks. MoME decided to award a portion of the blocks to other parties in order to encourage competition.

As the only indigenous energy company in Ethiopia, SouthWest Energy (SWE) secured blocks 9, 9A and 13. Petronas' study concluded that these blocks were likely to be oil prone.

SouthWest Energy's three blocks cover an area of 29,000 sq km in the northeast part of the Ogaden Basin.

## OGADEN BASIN COMMERCIALISATION OPTIONS

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Ethiopia has over 82 million people and a developed road system for trucking small scale production (< 9,000 barrels a day), making it a viable market for local hydrocarbon consumption. Excess capacity can be exported via pipeline to either Djibouti or Berbera.

There have been two gas discoveries in the centre of the basin which contain estimated reserves of approximately 3 trillion cubic feet (Tcf) (Calub 2.7Tcf and Hillala 0.3Tcf).

PetroTrans, a Chinese oil and gas company, plans a USD4 billion gas development project for Calub and Hillala. This project involves a significant infrastructure build that includes export pipelines. SWE is of the view that the deal signals a high confidence level in the probability of finding significant additional gas reserves since the finance of the initial 3Tcf find would not likely justify a standalone development.

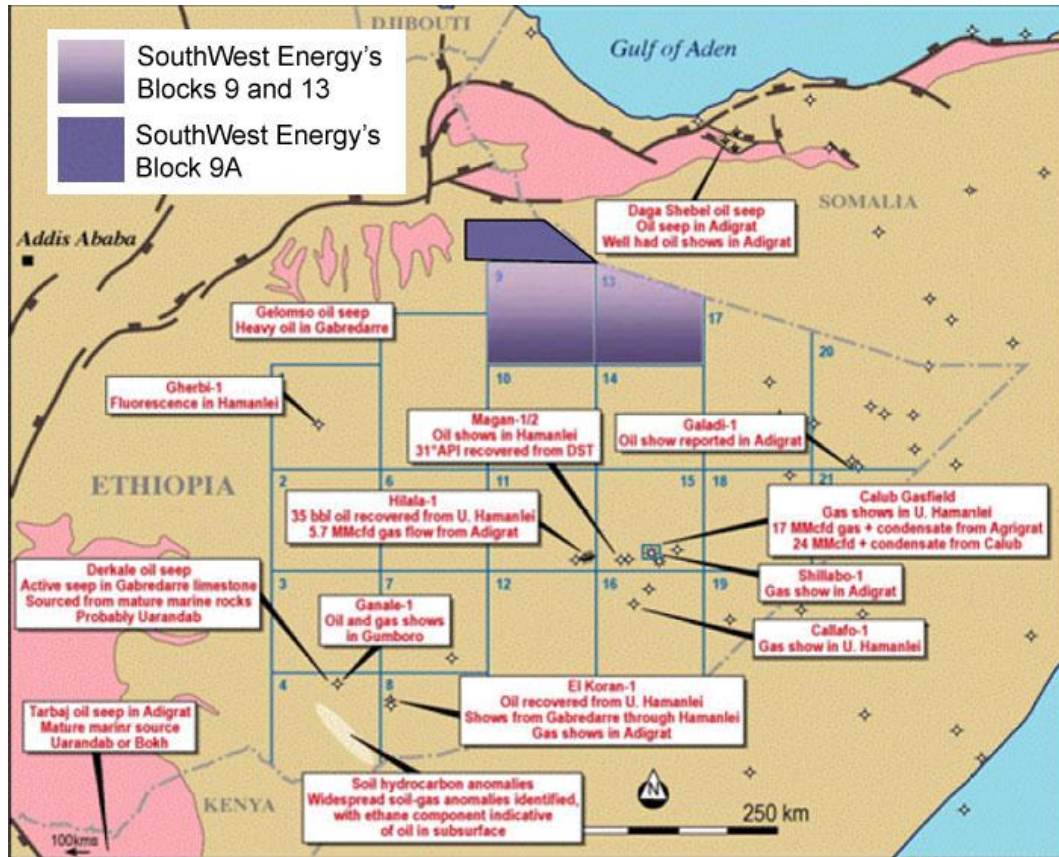
There has been no well drilling on SouthWest Energy's (SWE) blocks but a multi-well programme will take place in 2012-2013.

SWE's production sharing agreement includes that SWE will be paid international market prices for all production (based on a market weighted average price), even for local sales in Ethiopia.

PetroTrans gas development plans include building a pipeline through SWE's blocks 9, 9A and 13, allowing SWE the potential to tie into this pipeline.

If there are commercial oil discoveries in the Ogaden Basin, there is a possibility (after discussions with the Ethiopian Government) of building a refinery close to Addis Ababa, as well as the Government building a pipeline to either Djibouti or Berbera.

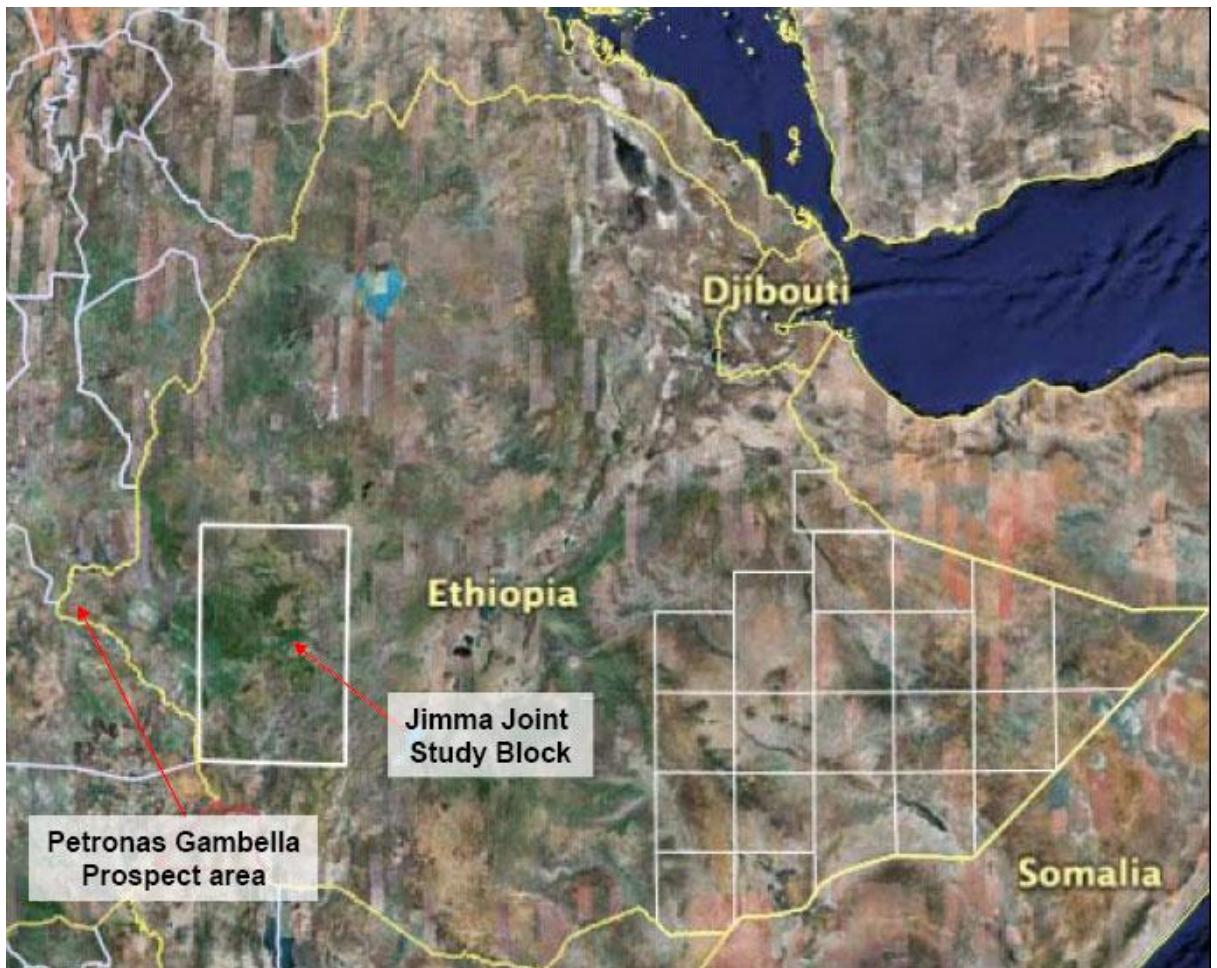
SouthWest Energy's blocks, with their potential for both oil and gas, are ideally placed to take advantage of both cases.



MAP SHOWING PROSPECTIVITY IN THE OGADEN BASIN AREA

## JIMMA BLOCK

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MAP SHOWING THE JIMMA JOINT STUDY AREA

SouthWest Energy conducted a joint study with the Ehtiopian Ministry of Mines and Energy for the 63 000 sq km area of Jimma in south Ethiopia in 2007.

The area is known to contain geological features that would support petrochemical exploration.

SouthWest Energy has negotiated a production sharing agreement for the Jimma Block covering 13 000 sq km. It is currently with the Ethiopian government awaiting approval.

## GAMBELLA BASIN

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The Gambella Basin is an extension of the Melut Basin in Sudan. The Melut Basin is highly successful with more than 15 oil and gas discoveries.

SouthWest Energy is currently awaiting a production sharing agreement to be made with the Ethiopian Government for a 15,365 sq km block.