
China may seek oil investment in Ghana and Guinea

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Bloomberg reported that China, the world second largest oil consumer may be seeking to invest in oil in the Western African states of Ghana and Guinea to help fuel its economy and bolster energy security.

The Wall Street Journal said citing unnamed people familiar with the situation that China National Offshore Oil Corp is in talks with Ghana National Petroleum Corp to make a bid for a stake in the Jubilee oilfield discovery that would rival Exxon Mobil Corp USD 4 billion offers. A Chinese fund is in discussions with Guinea on possible financing for infrastructure, minerals and oil projects.

Chinese oil companies have announced plans to spend at least \$16 billion to gain access to African energy assets since 2006 to meet rising fuel demand at home. Mr Xiao Zongwei a spokesman at Cnooc Ltd the unit that handles China National Offshore Oil's overseas upstream acquisitions declined to comment on the Wall Street Journal report.

A person familiar with the negotiations told Bloomberg on October 6th two people familiar with the process Kosmos Energy LLC, a US oil explorer backed by Blackstone Group LP and Warburg Pincus LLC is in talks to sell its stake in Jubilee to Exxon. A sale would require approval from Ghana's government.

According to London based Tullow Oil Plc, the project operator Ghana is set to become West Africa's newest oil exporter when output begins at Jubilee, discovered in June 2007. The field may hold 1.8 billion barrels of oil and will produce 120,000 barrels of crude a day.

Exxon, based in Irving, Texas, is spending USD 79 million a day to find new reserves and build oil platforms after output fell in 2008 to the lowest since the 1999 acquisition of Mobil Corp. The company, the biggest US oil producer said September 9th it may fail to meet its 2009 target for 2% output growth.

The FT said, citing Mr Mohamed Thiam Guinea Minister of Mines who added that the talks involve deals worth as much as USD 7 billion Guinea's negotiations with the unidentified Chinese fund may be completed by this year.

(Sourced from Bloomberg)

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