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CORPORATE STRATEGY

Chevron Steps On the Gas in Angola, Bucks Nigeria Trend

- *Unlike its peers, Chevron still sees potential in the Niger Delta's shallow waters and onshore.*
- *The US major also stands out in being the most successful of its peers in transitioning its sub-Saharan output to gas.*
- *The company is also pursuing exploration opportunities in Angola and Namibia's promising offshore.*

The Issue

Chevron's net sub-Saharan output has slipped by some 17% in the past five years. This is smallest percentage fall of any of its peer group over this period, as a 32% drop in liquids output since 2019 has been partly offset by gas gains achieved through its 2020 acquisition of Noble Energy's gas-heavy Equatorial Guinea assets. Now a return to growth looms. Like its peers, Chevron has responded aggressively to improved terms in Angola and new opportunities offshore Namibia, where it is spudding a key Orange Basin well next month. But the US major is also staying put in less fashionable corners of the continent, including in Equatorial Guinea and Nigeria's often problematic onshore.

Maverick Major

The passing of the 2021 *Petroleum Industry Act* was "a real turning point" for Chevron in that it brought fiscal predictability to Nigeria's upstream, says Jim Swartz, who heads Chevron's Nigeria/Mid-Africa Business Unit. But despite improved terms for onshore and shallow offshore production, the bulk of Nigeria's big legacy upstream players have already left or want to exit the Niger Delta's onshore. Exxon Mobil and Eni have concluded onshore asset sales to independent firms, while Shell, TotalEnergies and Equinor are still waiting for the authorities to approve their onshore exits.

Chevron is the big exception, with sizeable investments under way in its onshore and shallow water assets around its Escravos terminal hub. The US major is the only international oil company that "elected to go to the new terms with all of our [blocks] before we had to," Swartz told reporters on the sidelines of this month's *Africa Energy Week* conference in Cape Town.

This appetite for onshore exposure goes beyond the upstream. Chevron is the lead partner in West Africa's only gas-to-liquids project, the 33,000 barrel per day Escravos plant, with state-owned partner NNPC, and also at the 680 million cubic foot per day Escravos Gas Plant. Chevron also has a 36.7% stake in the West African Gas Pipeline, which pumps around 170 MMcf/d of Nigerian gas to customers in Ghana, Togo and Benin.

Around its Escravos onshore and shallow offshore assets, Chevron and partner NNPC are one-third of the way through a 37-well infill drilling program, dubbed Panther, costing an estimated $1.4 billion, says Swartz. When completed in 2026, this should deliver some 166,000 barrels per day of incremental oil output, in addition to 97,000 barrels of oil equivalent per day gas, Chevron says.

Separate from the Panther efforts, in September, Chevron made a shallow water discovery at its Meji Northwest-1 well. This "demonstrates that there is untapped potential near the [Escravos] infrastructure we can take advantage of," says Swartz. In Nigeria's deepwater, Chevron is also planning to drill new wells at its Agbami field. The company can also look forward to nonoperated growth in the Exxon-led Usan and Owowo fields, in which Chevron has stakes of 30% and 27%, respectively, when investment plans are green-lighted.

Angola, Gas Drive New Horizons

In Angola, Chevron's operations have centered on its operated production on Blocks 0 and 14 and its 36.4% lead partner stake in the 5.2 million ton per year Angola LNG (ALNG) project.

Chevron has already leveraged contractual incentives on gas to approve major projects and on marginal fields to accelerate investment on the producing Nsinga and Lifua fields on Block 0, while work on the South Ndola field "is scheduled to start next

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year," Billy Lacobie, head of Chevron's Southern Africa Strategic Business unit, tells Energy Intelligence.

Next month, the Chevron-led Sanha Lean Gas Connection Project is due to start up. The project is targeting supplying ALNG with some 600 MMcf/d gas from Blocks 0 and 14 when plateau is reached in 2026. Chevron also has a 31% stake in Angola's first nonassociated gas project, the New Gas Consortium initiative. The BP-Eni joint venture, Azule Energy — also a partner in ALNG — is operating the 400 MMcf/d project and has brought forward the start-up date from July 2026 to early 2026.

These two projects will mean ALNG is able to operate at full capacity for the first time. Luanda is studying a potential expansion of ALNG, Angolan Oil Minister Diamantino Azevedo told *Africa Energy Week.* Last year, Chevron signed a production-sharing agreement for a 31% operator stake in Block 14/23 in the offshore shared zone between Angola and the Republic of Congo. And this June, it entered the Lower Congo Basin, signing risk-service agreements for offshore Blocks 49 and 50.

Big Hopes Offshore Namibia

The next few months should show whether Chevron has been vindicated in its decision to take a bet on Namibia's Orange Basin drilling boom. The US major is poised to start drilling at its 80%-owned Petroleum Exploration Licence (PEL) 90, which occupies prime offshore real estate, just to the west of Galp's landmark Mopane discovery and north of Total's Venus find.

If Chevron has the same success with the drill bit as its European neighbors, it will likely find big in-place resources, although the three big Orange Basin finds to date have also revealed complex geology and high gas-to-oil ratios. These factors, coupled with deep waters and a lack of existing infrastructure, will make for challenging development, assuming a commercial discovery. Chevron has yet to comment, but industry buzz is that it will be the first company in a generation to drill on PEL 82 in Namibia's northern Walvis Basin. The company could start exploration work on the block as soon as next year, according to one well-placed source.

Much further north, in less popular Equatorial Guinea, Chevron last June added to the assets it picked up when it bought Noble by signing production-sharing contracts for offshore Blocks 6 and 11. The two blocks are close to Block B, home to the legacy Zafiro field, and are thought to be highly prospective.

Chevron already produces gas and liquids from the country's oil and gas-rich Aseng field, the Yolanda gas field and the Alen gas condensate field. Talks for a joint development of Yolanda and the Chevron-operated Yoyo on the Cameroon side of the Equatorial Guinea-Cameroon maritime border are ongoing, says Swartz.

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