

SOUTH AFRICA IN TALKS ON MOZAMBIQUE PIPE: MINISTER

Talks are underway between the governments of South Africa and Mozambique on building a new pipeline to bring gas to South Africa from the huge gas fields in the Rovuma Basin offshore northern Mozambique, [South Africa's new energy minister Mmamoloko Kubayi](#) said May 19.

"We will negotiate with Mozambique regarding an energy collaboration agreement for the building of a pipeline from the Rovuma Basin into South Africa," she told Parliament in Cape Town.

The minister accepted the need to secure support from the energy multinationals for any new pipeline, but said that to date the discussions have been at a government-to-government level. "In the coming few months we will engage with the gas industry," the minister said.

"Work with the Mozambicans has started. Technical teams have been engaging. There are concerns about regulations. We will make sure we comply but also ensure it is in the public interest," she noted.

Eni, Anadarko and their co-venturers want to monetise their vast Rovuma basin offshore gas resources as LNG in the 2020s, once a current global LNG glut has eased. They have been wary about tying the resource into local markets until full-scale LNG projects are up, running, and earning their keep.

Eni has discovered more than 85 trillion ft³ and Anadarko more than 75 trillion ft³ of gas resources in the Rovuma offshore northern Mozambique, and have agreed on a joint site where they could build onshore LNG trains. Separately, a proposed [floating LNG project by Eni](#) is pending a final investment decision.

South Africa's Sasol has enough pipeline capacity to export from its onshore southern Mozambique production. Kubayi would not say what overlap, if any, there might be between a new pipe and Sasol's existing one. Meanwhile onshore exploration in northern Mozambique has been [modest](#).



Energy minister Mmamoloko Kubayi (Photo credit: South African Parliament)

In early 2016 a proposal for a Chinese-sponsored **2,600km pipe costing \$6bn** from Mozambique's far north to South Africa's industrial heartlands made little progress, with one partner SacOil dropping out soon after; the proposal to date has garnered no support to date from international oil companies.

Kubayi told MPs that "gas is an integral part our energy mix, notwithstanding that in the short to medium term, we do not have access to the indigenous gas promised by the shale gas exploitation program" in the Karoo basin.

She said the country's gas programme is premised on LNG being imported from the world market within five years at Richards Bay in Kwazulu-Natal. But beyond that, gas piped from northern Mozambique held out the "possibility of being a more attractive option than LNG." In the longer term, so ten to 15 years from now, shale gas [could be] sourced from the Karoo, she added.

In another development, Kubayi announced a shake-up in the chain of command between her department and ailing state energy company PetroSA, but expressed frustration that she is currently preventing her from talking direct action to deal effectively with the loss-making entity.

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