

THE MINERAL INDUSTRY OF

SÃO TOMÉ E PRÍNCIPE

By Philip M. Mobbs

The Democratic Republic of São Tomé e Príncipe, one of Africa's smallest nations, encompassing an area of 964 square kilometers, is about 275 kilometers west of Gabon in the Gulf of Guinea. The country's two islands and several islets support a population estimated to be 132,611 in 1997 and the gross domestic product was estimated to be about \$51 million¹ in 1996, the last years for which data are available (World Bank, 1998).

Mineral production was from small clay and volcanic rock open pit operations supplying a brick factory, a ceramics plant, and local construction needs. All other mineral products were imported.

Petroleum exploration was about to resume. In 1997, Environmental Remediation Holding Corp. (ERHC) of the United States and Procura Financial Consultants of South Africa were contracted to promote the country's hydrocarbon potential and to set up environmental programs. In July 1998, the São Tomé e Príncipe National Petroleum Co. (STPETRO) was formed as a joint venture of the Government (51%) and ERHC (49%). In September 1998, Mobil New Exploration Ventures Group, a subsidiary of Mobil Corp. of the United States, entered into an 18-month technical assistance agreement with STPETRO to explore on 22 offshore blocks. Mobil negotiated an option to acquire a production-sharing contract on the acreage, apparently superseding an announced

¹Where necessary, values have been converted from São Tomé e Príncipe dobras (STD) to U.S. dollars at an average rate of STD1,933=US\$1.00 for 1996.

1999 licensing round (Africa Energy & Mining, 1998; Yahoo, June 5, 1998, ERHC awards major contract to Schlumberger/Geco-Prakla for Sao Tome's lease sale offshore West Africa, accessed June 5, 1998, at URL http://biz.yahoo.com/bw/980605/environmen_1.html). Mobil also contracted for Geco-Prakla, a subsidiary of Schlumberger Ltd. incorporated in the Netherlands Antilles, to begin a seismic survey in early 1999.

The water depths of São Tomé e Príncipe offshore exclusive economic zone ranged from 900 to 3,000 meters, but the country's maritime boundaries with Equatorial Guinea, Gabon, and Nigeria were ill-defined. São Tomé e Príncipe's location in the heart of the West African deepwater hydrocarbon exploration play could lead to years of exploration activity, given the high level of interest multinational oil companies have shown in deepwater prospects offshore Angola, Congo (Brazzaville), Equatorial Guinea, Gabon, and Nigeria (Knight and Westwood, 1999).

References Cited

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