

MEDIA CLIPPING

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Odds pick up in Puntland

Paul Garvey

Oil and gas explorer Range Resources claims to have found some stability in the volatile nation of Somalia, after threats of secession derailed proposed legislation that had threatened the company's security of tenure.

Range has staked ground in the Somali province of Puntland through the region's autonomous government, but was faced with the prospect of losing its projects under a new national oil law proposed by Somali Prime Minister Ali Mohamed Gedi.

However, as the president of Puntland threatened to secede if the legislation was passed, the Somali transitional federal government (TFG) adjourned at the weekend shortly before they were scheduled to debate the bill.

Range executive director Peter Landau said the fact the transitional government refused to consider the bill indicated the perceived importance of the project to Puntland and Somalia.

"Puntland's position is ... if

the TFG wants to go ahead and introduce this national oil law, then they [Puntland] will secede," Mr Landau said.

The legislation, if approved, would have allowed other companies to claim Range's existing projects with several Middle Eastern companies said to be interested in Range's ground, he said.

"Range's prospect could contain up to 10.4 billion barrels."

A competent person's report prepared for Range as part of its coming listing on London's AIM board has estimated that Range's Nogal Valley prospect could contain up to 10.4 billion barrels of oil.

"That makes it one of the biggest onshore targets going around," Mr Landau said.

The consultants who prepared the report said there was insufficient data available for Range's Dharoor Valley project, but said the project's size and proximity to

Nogal Valley suggested it should have similar prospectivity.

Range holds a 20 per cent interest in the projects and Canada's Africa Oil holds the remainder.

Somalia has been racked by factional fighting since 1991.

Puntland has been governing itself as a semi-autonomous state since 1998, but does not claim to be seeking independence.

New York-based PRS Group, which assesses political risks around the world, recently ranked Somalia as the second-most dangerous country on the planet, behind Iraq.

In April, Range raised \$US20 million through a placement that brought hedge funds Tudor Capital, Firebird Global Master Fund and Toscafund on to the company's register.

Range yesterday issued its chairman, former AngloGold Ashanti executive Sir Sam Jonah, with 8.3 million incentive shares worth just under \$5 million at yesterday's closing price of 58.5¢, after a gain of 1.5¢ for the day.