

# Somalia's Puntland region rejects draft oil law

Mon 20 Aug 2007, 10:00 GMT

By Abdiqani Hassan

BOSASSO, Somalia (Reuters) - Somalia's semi-autonomous Puntland region will refuse to recognise a proposed national hydrocarbon law that nullifies any exploration deals struck after 1990, its most high-ranking officials said.

Many observers expect Somalia's interim parliament to pass the controversial bill -- widely viewed as the brainchild of interim Prime Minister Ali Mohamed Gedi -- in coming days.

Puntland President Adde Muse told Reuters in an interview late on Sunday that his administration planned to pass its own legislation in favour of previous oil agreements.

Puntland awarded Australian explorer Range Resources a deal in 2005 giving it concession rights to all minerals and petroleum in the region, which some geologists say has a high chance of sitting on commercial oil reservoirs.

"We are willing to give the Somali transitional federal government its due rights but we shall never break the promises we had with oil companies," Muse said by telephone from Puntland's administrative capital Garowe.

He said Puntland -- which declared itself semi-autonomous in 1998 with a view to eventually joining a federal, politically stable Somalia -- was ready to share its wealth with the government.

But Muse, who spent several days in Mogadishu taking part in private talks at the presidential palace about the oil bill, reasserted Puntland's authority over its own resources.

"Puntland and its resources primarily belong to us and we know what suitable step to take against the forthcoming endorsement of the law that deprives us of our rights," he said, without elaborating.

Somali interim government officials were not immediately available for comment.

But Gedi told Reuters last week that valid deals cannot be struck until the new legislation is in place and urged foreign firms to negotiate exclusively with the interim government.

SEVERED RELATIONS?"

Somalia has no proven reserves but a joint World Bank/U.N. survey of northeast Africa 16 years ago ranked it second only to Sudan as the top prospective producer.

In a separate interview, Hassan Osman Mahamud, head of Puntland's department of minerals and energy, accused Gedi of trying to illegally acquire Puntland's hydrocarbon.

"Gedi's campaign is unlawful and we shall end our relationship with the government if parliament passes the (draft) law," he told Reuters.

"Exploration in Puntland has been going on for the last two years and will continue. When exploitation of resources becomes viable, a production-sharing agreement will be negotiated," Mahamud added.

Mahamud also refused to accept the legitimacy of the proposed national oil bill.

"The Somali petroleum law said to be approved by the parliament is not known here and therefore does not concern Puntland in any way."

Officials from the breakaway Somaliland enclave, bordering Puntland, have yet to comment on the draft bill which also casts doubt over the region's claims of independence and a deal struck with South Africa's Ophir.

The two regions are believed to be home to the most promising geology, separated as they are from the Arabian Peninsula and its huge energy reserves by the Gulf of Aden.