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Australia's Range Oil Shrugs off Somali Pirates

Australian explorer Range Resources said that piracy will not deter it from exploring for hydrocarbons off chaotic northern Somalia.

The independent company won a deal in 2005 giving it concession rights to all minerals and petroleum in the country's semi-autonomous Puntland region, an area that geologists say has a high chance of containing commercial oil reservoirs.

Puntland has been relatively unscathed by a two-year Islamist insurgency that has rocked Somalia's south and central regions. But it is a base for many of the pirates who have been attacking vessels in the busy shipping lanes offshore.

"Other than potential implications on insurance costs, we don't think piracy has a huge impact. A number of vessels have been attacked offshore but they haven't had escorts," Range's executive director Peter Landau told Reuters late on 19 May.

He said that he would visit Puntland in the next few weeks to meet its leadership and discuss oil and gas projects.

"If you're going to do offshore seismic then you would only do it with the support of the Puntland government and the seismic vessel will have an armed escort, preferably a government vessel," Landau said by telephone from Dubai.

Onshore, he added, Range's joint venture partner Africa Oil Corp is also in talks with the Puntland authorities and hopes to begin drilling in the fourth quarter of 2009.

The Canadian company had started seismic mapping in a region it believes has good prospects of holding large oil deposits. Geologically-similar formations in Yemen, across the Gulf of Aden, hold nearly 4 billion barrels.

Africa Oil Corp has agreed to invest \$50m in exploration in return for an 80% stake in the area's Nogal and Dharoor blocks. Range holds the remaining 20%.

Landau said that the Canadian company had spent \$22.5m working in Dharoor. Nogal is still to be explored. Africa Oil raised \$35m through a private shares placement in April.

In January some former staff members in Puntland criticised the Canadian company for failing to pay their salaries but Landau said the claims were false and had come from aggrieved sub-contractors.

Africa Oil could not immediately be reached for comment.

By Alison Bevege, Reuters. Post to: offshore-technology.com is a product of SPG Media Limited 2009 SPG Media Limited, a subsidiary of SPG Media Group Ltd The website for the offshore oil and gas industry
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