

Total buys Tullow Oil's Uganda project

Total has acquired Tullow Oil's entire interests in Uganda Lake Albert development project including its East African Crude Oil Pipeline for an overall consideration of \$575m.



Image source: Tullow

This includes an initial payment of \$500m at closing and \$75m when the partners take the final investment decision (FID) to launch the project. In addition, conditional payments will be made to Tullow linked to production and oil price, which will be triggered when Brent prices are above \$62/bbl. The terms of the transaction have been discussed with the relevant Ugandan government and tax authorities and agreement in principle has been reached on the tax treatment of the transaction, Total said in a statement.

Under the terms of the deal, Total will acquire all of Tullow's existing 33.3334% stake in each of the Lake Albert project licenses EA1, EA1A, EA2 and EA3A and the proposed East African Crude Oil Pipeline (EACOP) System. The transaction is subject to the approval of Tullow's shareholders, to customary regulatory and government approvals and to China National Offshore Oil Corporation's (CNOOC's) right to exercise pre-emption on 50% of the transaction.

"We are pleased to announce that a new agreement has been reached with Tullow to acquire their entire interests in the Lake Albert development project for less than 2\$/bbl in line with our strategy of acquiring long-term resources at low cost, and that we have an agreement with the Uganda government on the fiscal framework," said Patrick Pouyanné, Total chairman and CEO. "This acquisition will enable us, together with our partner CNOOC, to now move the project forward toward FID, driving costs down to deliver a robust long-term project."

For more, visit: <https://www.bizcommunity.com>