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Revenue management in joint development zones: feedback from Senegal and Mauritania

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Overview: Greater Tortue/Ahmeyim joint development zone (GTA)



Name: Greater Tortue/Ahmeyin

Location: 125km off the coast of Saint-Louis ([Senegal](#)) - Senegal-Mauritania border

Composition: Block C-8 (Ahmeyin) & St-Louis offshore block (Greater Tortue)

Natural resource: Gas

Estimated volume: Almost 450 billion cubic meters



-January 9, 1971: Signature of a tax treaty between Senegal and Mauritania

-October 23, 2015: Signature of an intergovernmental cooperation agreement (ACI) between the two governments to work together on the Greater Tortue Ahmeyin (GTA) field

-January 14, 2016: Signature of a framework agreement between SMHPPM, PETROSEN, KOSMOS ENERGY SENEGAL and KOSMOS ENERGY MAURITANIA

Dates and key developments (1/2)



- February 9, 2018: Signature of an intergovernmental cooperation agreement
- 2018: Additional agreement to be signed in

Dates and key developments (2/2)



Main Points

□ The intergovernmental cooperation agreement was signed between Mauritania and Senegal at the Joint High Commission (*Grande Commission mixte*) on October 23, 2015 to promote the development of cooperation in upstream hydrocarbons by:

- Sharing experiences relating to global policies applied to hydrocarbon resources, legal frameworks and databases;
- Organize reciprocal visits by policy makers and technical experts responsible for the development and implementation of national hydrocarbon policies.

Intergovernmental cooperation agreement between Mauritania and Senegal



Main Points

**FRAMEWORK
AGREEMENT FOR
THE
ESTABLISHMENT OF
BOUNDARIES, AND
THE EVALUATION,
DEVELOPMENT AND
OPERATION OF
SHARED
HYDROCARBON
RESOURCES IN THE
GREATER
TORTUE/AHMEYIM
(GTA) ZONE**

- ❑ The framework agreement was designed to accelerate and facilitate full cooperation to establish the boundaries, and to evaluate, develop and operate the GTA zone. It resulted in the creation of:
 - A Management Board made up of representatives of the hydrocarbons ministers from both countries, the managing directors of Kosmos Senegal and Kosmos Mauritania, and the managing directors of SMHPM and PETROSEN
 - A working group made up of representatives of each of the parties
- ❑ These two bodies were tasked with drafting an intergovernmental cooperation agreement



Intergovernmental cooperation agreement (ACI)

TAX POLICY COMMITTEE



"This is just a thought, but is there any way we could tax other countries?"

□ The agreement sets out to establish the framework for cooperation between Mauritania and Senegal to jointly develop and operate the Greater Tortue field.

□ The hydrocarbons contained in the Greater Tortue/Ahmeyim field deposits will be developed and operated as a single unit using facilities and equipment that will be detailed in the development plan, which must:

- **Comply with the oil code in each country in relation to their respective sections of the field deposits**
- **Be approved by the hydrocarbons minister in each country**

- ❑ To regulate the development and joint operations of the **Greater Tortue/Ahmeyim** field deposits, each government will require its contractors, in accordance with the oil contract in effect, to sign a **Unitization Agreement** with the contractors working for the other government.





Unitization Agreement: Main points

Overview of the Unitization Agreement outlined in the ACI

- ❑ **Distribution of the resources in the GTA deposits** before production starts. Both countries have agreed to a **50/50** split that can be reviewed every five (5) years.
- ❑ **Joint commercialization of the hydrocarbons** produced by the GTA field.
- ❑ Accounting and audit of costs, operations, abandonment, and other areas relating to the development and operation of the field.
- ❑ Location of the facilities and equipment.

UNITIZATION AND UNIT OPERATING AGREEMENT (SENEGAL/MAURITANIA)

PETROLEUM



GAS



