

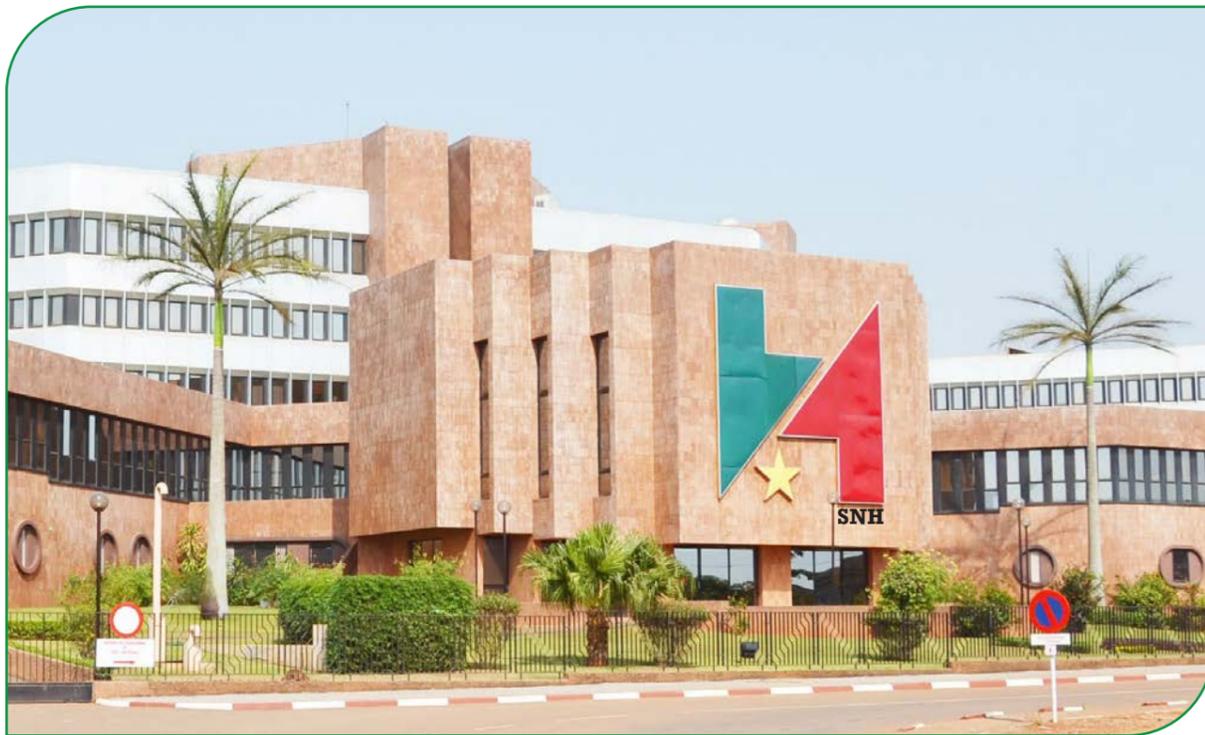


**National Hydrocarbons Corporation**

**PARTNER OF OIL COMPANIES IN CAMEROON,  
AT THE HEART OF THE GULF OF GUINEA**

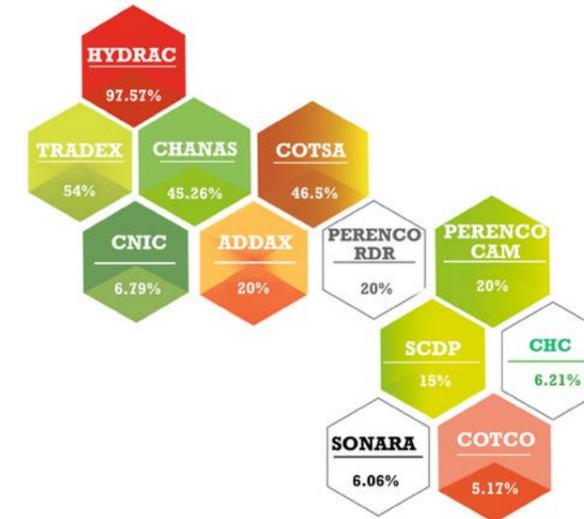


# SNH : Four decades of experience in the hydrocarbons sector



## An expanding portfolio

As an expanding group, SNH has been diversifying its activities since 1994. Its portfolio includes 12 share companies operating in the petroleum, para-petroleum and related sectors.



Companies	Branch of activity
Hydrocarbures Analyses Contrôles (HYDRAC)	Quality control
Société de trading et d'exportation de pétrole brut et de produits pétroliers (TRADEX)	Trading
Chanas Assurances S.A.	Insurance
Cameroon Oil Terminal S.A. (COTSA)	Storage of crude oil
Cameroon Shipyard and Industrial Engineering Ltd (CNIC)	Ship repair
Addax Petroleum Cameroon Company	Exploration/production of hydrocarbons
Perenco Rio Del Rey (Perenco RDR)	Exploration/production of hydrocarbons
Perenco Cameroon S.A. (PERCAM)	Exploration/production of hydrocarbons
Cameroon Company of Petroleum Depots (SCDP)	Storage of petroleum products
Cameroon Hotels Corporation (CHC -Hilton)	Hotel industry
National Refining Company Ltd (SONARA)	Crude oil refining
Cameroon Oil Transportation Company (COTCO)	Crude oil transportation

## Profile

The National Hydrocarbons Corporation (SNH) is a public company with a share capital of eight billion CFAF wholly owned by the State of Cameroon. It is an industrial and commercial company with legal personality and financial autonomy. Created on 12<sup>th</sup> March 1980, its objectives are to promote and give value to the national mining domain and manage State interests in the hydrocarbons sector. SNH is also empowered to carry out all financial operations, in conjunction with the Ministry of Finance.

- Management of security stocks of petroleum products;
- Transfer to the Public Treasury, of income derived from the sale of hydrocarbons, after deducting production costs, which finance the State budget;
- Conduct of studies and execution of various projects related to its missions in the oil, gas, para-petroleum, as well as related sectors.

### Activities:

- Promotion of the national mining domain;
- Negotiation of oil and gas contracts, in cooperation with the competent public administrations;
- Monitoring the implementation of oil and gas contracts between the State and companies operating in the hydrocarbons sector;
- Exploitation of oil fields in association or sole risk;
- Monitoring of crude oil loading operations at terminals;
- Marketing the share of national hydrocarbons production accruing to the State;
- Implementation of gas projects aimed notably at the increase of national electricity supply, in a bid to support the development of the industrial fabric;

### Management based on principles of good governance

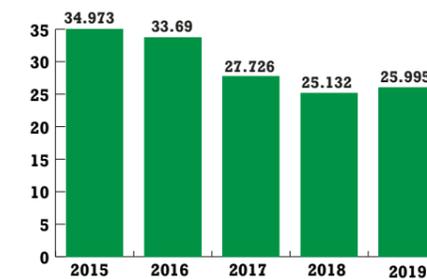
SNH is a member of the National Committee for the follow-up and implementation of principles of the Extractive Industries Transparency Initiative (EITI), which aims at judicious use by governments, of revenues from the extractive sector.

The management of SNH is participatory and objective-oriented, following a guideline summarised in three watchwords:

- professionalism,
- integrity,
- sense of common interest.

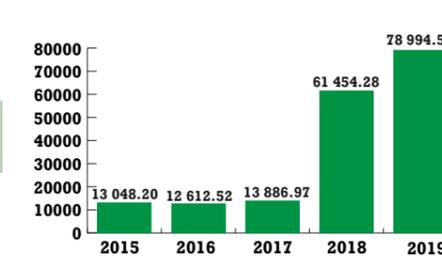
## A driving force for the national economy

National crude oil production  
(in million barrels)



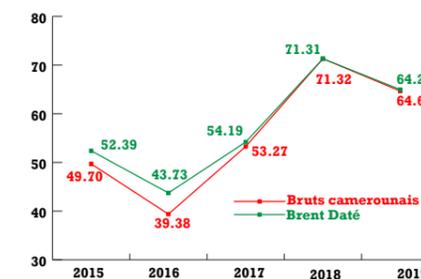
Cameroon is an oil producer since 1977

National natural gas production  
(in million SCF)



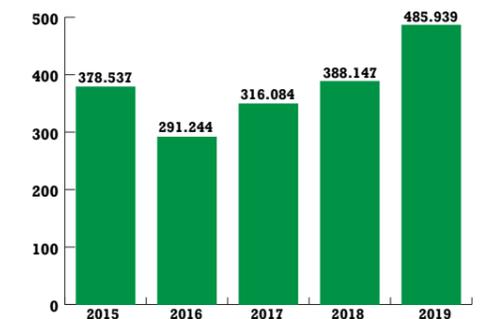
Gas production, which started in 2012, is in full expansion

Comparative evolution of average prices of Cameroonian crude oil and Dated Brent  
(in dollars per barrel)



Dated Brent is the benchmark for Cameroonian crude oils, which are sold following global oil prices

Transferable balance to the State after deduction of production costs  
(in billion CFAF)



# Hydrocarbons, a sector with great potential

## Historical Overview

Oil prospection began in Cameroon in 1947. The first commercial discoveries were made in the Rio del Rey basin in 1972, but it was not until 1977 that the country became an oil producer, with the first ton of oil produced from the Kole field.

Production reached the record level of 186 000 barrels/day in 1985. From 1986, year of the «oil price collapse», it began to decline.

Faced with this situation, the government introduced incentives

to boost exploration/production. Thanks to these measures and the efforts made by SNH to curb this decline, which was notably linked to ageing fields, a renewed interest of international oil companies in Cameroon's mining domain was observed.

As at 1<sup>st</sup> June 2020, this mining domain, which covers an area of 31 839.82 km<sup>2</sup>, comprises 04 prospecting permits and/or exclusive prospecting authorisations, 21 concessions and/or exclusive exploitation authori-

sations, 02 blocks under negotiation and 09 free blocks.

As concerns gas, production was launched in 2012. And since 2018, Cameroon has been an exporter of liquefied natural gas (LNG).

In fact, gas resources, which remained for a long time on hold in the absence of a promising market, are now finding outlets through various projects conducted by SNH and international companies.

## Prospective sedimentary basins

There are two main types of sedimentary basins in Cameroon which belong to three active African petroleum systems, namely, Niger Delta, West African salt Basins and Southern and Central African Rifts. They include:

- the coastal sedimentary basins (Rio del Rey and Douala/Kribi-Campo), and
- intracratonic basins (Logone Birni, Mamfe and Garoua).

These basins are still under-explored.

### Unlicensed blocks on promotion

SNH put on promotion several unlicensed blocks in the hydrocarbons rich Rio Del Rey (RDR) basin and the highly prospective Douala/Kribi-Campo Basin (D/K-C).

The Terms of Reference for proposals are available on the SNH website ([www.snh.cm](http://www.snh.cm)).

## Assets of the hydrocarbons sector

### An attractive legislation

The Petroleum Code sets the terms and conditions for prospection, exploration, exploitation and transportation of hydrocarbons, and specifies the rights and obligations related to oil operations. The flexibility of the Petroleum Code gives room for the negotiation of three of the most recognised types of contracts in the industry: the Concession Contract (CC), the Production Sharing Contract (PSC) and the Risk Service Contract (RSC).

The Gas Code, which notably specifies the accounting, financial, tax and customs provisions applicable to activities related to the development of gas, provides for:

- the concession system for transport and distribution activities;
- the license system for processing, storage, import and export activities;
- the authorisation scheme for the sale of gas, importation and installation of material and equipment intended for the commissioning of gas transportation and distribution networks, gas storage centres as well as measurement and safety equipment to be used by operators and customers.

The texts provide incentives to promote investments in the hydrocarbons sector.



### Reliable partners

SNH partners with various international oil companies, including subsidiaries of Gazprom, Glencore, Golar, Sinopec, Lukoil, Grynberg, Noble Energy, Bowleven, Victoria Oil & Gas, New Age, Tower Resources, Afex, Yan Chang and Perenco.

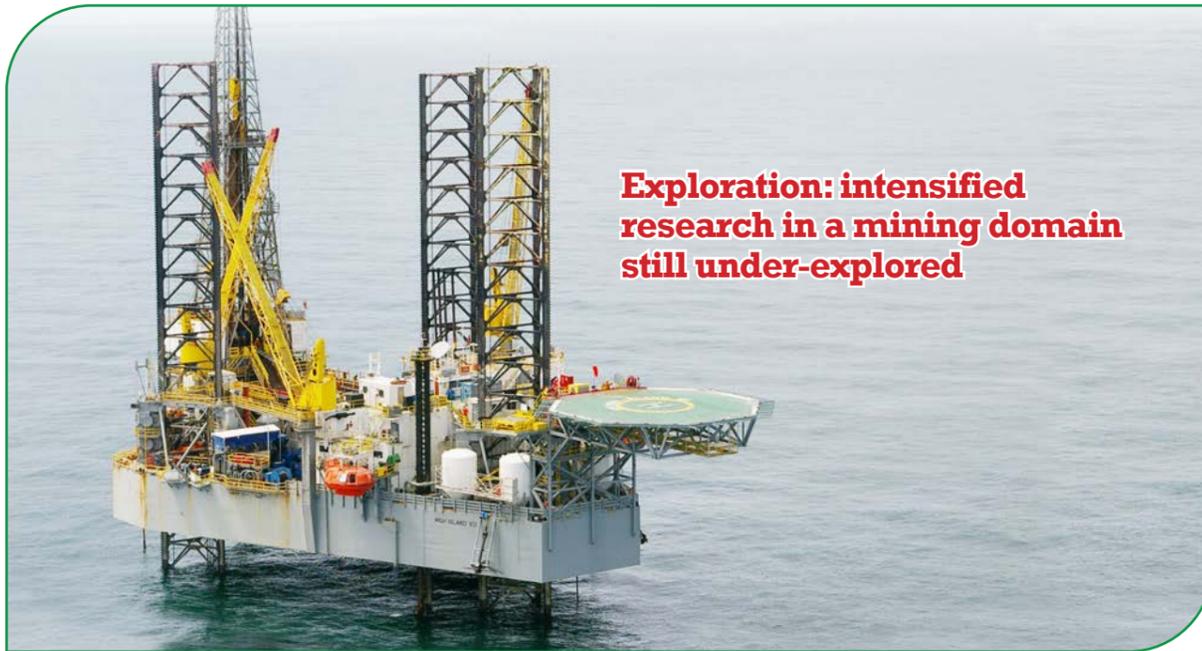


### Petroleum associations, at the heart of activities

Exploration/production activities are conducted in the following sedimentary basins: Rio Del Rey (producing since 1977) and Douala/Kribi-Campo (producing since 1997). Activities are carried out within the framework of investors associations comprising SNH, which is the State's Representative, and oil companies. In each association, one of the members, called operator, is appointed to conduct the activities on the field.



# Hydrocarbons, a sector with great potential



**Exploration: intensified research in a mining domain still under-explored**

## A data repository at the disposal of operators

SNH has a Petroleum Information Centre (CIP), which is in charge of:

- collecting, managing and archiving data generated from the national mining domain. The CIP provides data on wells (samples, various reports, logs), geophysical data (seismic, gravity, magnetometric) and various technical studies available on paper and electronic medium.
- mapping (generating updated and digitalised maps). The CIP's expertise is acknowledged nationwide and internationally. As such, it has provided maps to many oil operators, Cameroonian ministries and bilateral commissions.

## An operational mapping portal

SNH set up a mapping portal in 2017, known as GeoSNH. It's a software package for the storage, processing, analysis, search and sharing of geographic and map data.

SNH's mapping portal contains several types of digital and vector data, notably satellite images and images of map bases covering Cameroon's sedimentary basins. It enables to consult or generate maps enriched with administrative, environmental and socio-economic data.

GeoSNH also provides simple information such as location of a permit, a concession, a well or a field for instance, as well as visualisation of more detailed information such as distance measurement, surface area calculation or access to documents related to a well.

## A Center for the storage of samples originating from oil and gas wells available

The Centre is built on a surface area of more than 4000 m<sup>2</sup> in the outskirts of Douala. It received its first samples in 2018. It will permit ultimately the compilation, in a single location and under adequate conditions, of Cameroon's heritage, notably samples from oil and gas wells, seismic data and well logs which can be analysed in order to improve knowledge of the prospective areas of Cameroon's mining domain. In addition, services, including leasing of storage space, will also be offered to oil companies.

## Marketing : SNH's expertise acknowledged

SNH markets the share of national crude oil production accruing to the State, as well as its own production. SNH also sells Cameroonian crude oil on behalf of one of its partners, which testifies to the

acknowledgement of its marketing expertise. The reference crude oil for the sale of Cameroonian crude oil is Dated Brent, listed on the London Intercontinental Exchange.

### Conditions to be fulfilled for the purchase of crude oil

- Full address of the company
- Name and nationalities of the main shareholders as well as senior managers of the company
- Certified balance-sheets of the past three years
- Annual report of the past financial year
- Bank references (address, telex, fax, telephone) and contact persons in the banks.

### Types of crude oil sold in Cameroon

- Kole** (28.01° API) : 950 000 barrel cargoes
- Lokele** ( 23.94° API) : 650 000 barrel cargoes
- Ebome** (52,46° API) : 400 000 barrel cargoes

## An FSO henceforth in the Rio Del Rey basin

SNH and its partners have acquired an FSO with a capacity of 1.87 million barrels, called Massongo. The FSO is managed by COTSA, a company incorporated under Cameroonian laws, owned 46.5% by SNH. The Massongo enables the optimisation of operational costs.



# Hydrocarbons, a sector with great potential



## Gas for the development of Cameroon

Cameroon's natural gas reserves are estimated at 180.66 billion cubic metres. Various projects are being implemented in partnership with international companies, to develop such important resources.

### Gas supply for power generation

SNH and its partner Perenco, grouped under the Sanaga South Association, have put on production the natural gas reserves of Sanaga South field, which supply the thermal power plant constructed in the seaside town of Kribi, with a capacity of 216 MW. It is the very first gas-fired thermal power plant in Cameroon.

Gas supply to the power plant is ensured without incident by SNH since 2013, via a gas pipeline constructed and operated by the company. The volumes supplied fully meet the needs expressed by the plant operator for electricity generation. The power plant supplies the South Interconnected Grid which covers the Centre, South, Littoral, South-West, North-West and West regions.

### Gas for industries

The Logbaba Association, comprised of SNH and its partner Gaz du Cameroun, has put on production the natural gas reserves of the eponymous field, located in the outskirts of the economic capital Douala, in order to supply industries in the Bassa and Bonaberi areas with clean energy, cheaper than fuel oil or diesel. Some forty of the most important industrial companies have converted their burners and now use natural gas as a source of energy.



### Domestic gas for households

SNH commissioned a storage and loading depot for liquefied petroleum gas (LPG, commonly known as domestic gas) at Bipaga in 2018. It supplies about a quarter of the annual needs of Cameroonian households. The LPG is delivered in tankers to the marketers, who bottle it in cylinders.



## Technological innovation opens the doors of the international gas market to Cameroon

Thanks to the commissioning of the Floating Liquefied Natural Gas (FLNG) project led by SNH and its partners Perenco and Golar, Cameroon acquired the status of natural gas exporting country in 2018. Gas from the Sanaga South field is liquefied on a floating facility installed offshore Kribi, for a production of 1.2 million tons of liquefied natural gas (LNG) per year. Concurrently, 1.8 million barrels of very light oil called condensate for the refinery.



The Hilli Episeyo, very first FLNG of its kind worldwide, converted from an LNG carrier, is anchored offshore Kribi

# SNH, a key player in sustainable development

## Environmental protection

SNH ensures strict compliance with legal provisions in this domain. Therefore, all activities carried out by the company and its partners in the exploration and production of hydrocarbons are subject to a prior environmental impact assessment, which presents in particular the incidence of such activities on the environment and the mitigating measures envisaged for the preservation of the ecosystem balance.

Moreover, SNH implements a National Oil Spill Contingency Plan, through the Pipeline Steering and Monitoring Committee. SNH's commitment

to environmental protection is also reflected in its involvement in international initiatives. Thus, the company strives to reduce the amount of gas flared on oil platforms and released into the atmosphere. To this end, SNH signed a partnership agreement with the World Bank, on the funding of the Global Gas Flaring Reduction Partnership (GGFR). Moreover, SNH is a member of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the International Oil Pollution Compensation Funds (IOPC Funds).

## Support to sport

As one of the major sponsors of Cameroon's cycling, SNH has contributed to the revival of this activity in the country. Similarly, the company participates in the development of golf, by sponsoring competitions organised in this discipline.

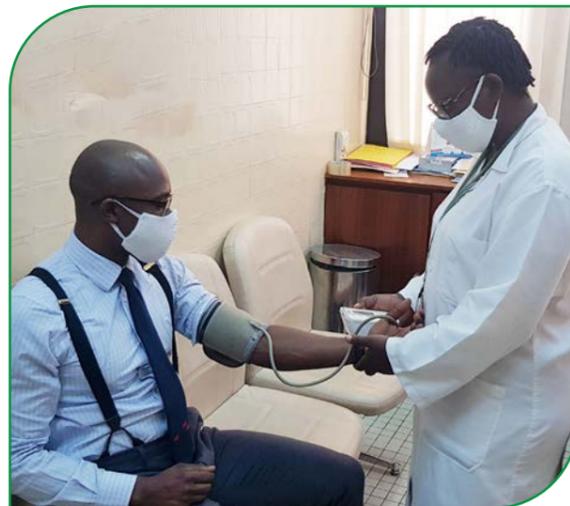


## Standing by employees

SNH endeavours to create a working environment in which employees have the necessary skills and tools to enable them to effectively carry out their work in pleasant and secure conditions, so that they can return home safe and sound at the end of the day.

Thus, SNH set up a Commission for Occupational Health and Safety (CSST) and a Fire Safety Unit (CSI), responsible for informing the staff and developing their skills regarding occupational health and safety measures.

In addition, the staff also benefit from a range of facilities intended to foster their physical and intellectual well-being. These include the Hydrocarbons Sports and Cultural Association (ASCH) and the Solidarity Fund of the SNH Group staff. In addition, a Social Fund guarantees a retirement gratuity to retired staff and a death benefit to the dependents of workers who dies in the course of their employment.



## Youth training

For many decades, SNH has contributed to youth training by supplying books to libraries and multimedia centers of secondary schools in Cameroon.

This has had very positive effects in rural areas in particular, where the low purchasing power does not permit students to have books, including textbooks.

Moreover, the company contributes to the professionalisation of teaching in the oil sector. In this regard,

it has put in place a computerised petroleum geosciences laboratory in the University of Douala, in partnership with the Schlumberger oil service company, at a total cost of about 1.5 billion CFAF. SNH is conducting a project to extend this experience to various academic institutions in Kaele, Meiganga, Yaoundé, Douala, Dschang, Bamenda and Buea.



## Infrastructure development

SNH has developed water points and built or rehabilitated roads in areas where oil operations are conducted.



## Support for the preservation of cultural heritage

SNH's civic commitment is also reflected in its sponsorship of various initiatives in the area of culture, notably the heritage festivals organised in Cameroon.





## **National Hydrocarbons Corporation (SNH)**

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