

# ExxonMobil and ENI leave TotalEnergies in lurch over Afungi

The US and Italian majors are radically changing their plans for the huge gas reserves in their Block 4 in Mozambique. They no longer believe that calm will be restored to Cabo Delgado any time soon.

The French firm **Technip Energies** was commissioned in June by **ExxonMobil** and **ENI** to work on a pre-feed of a floating liquefied natural gas (FLNG) facility to be positioned on Block 4 in Mozambique. The two oil majors no longer believe that calm will soon return to the province of Cabo Delgado, where two liquefaction trains were to be built. They have been postponing them for several years, partly due to the insecurity caused by Islamist groups since 2017.

In order not to abandon their Block 4 reserves, which they share with **China National Petroleum Corp** (CNPC), Portugal's **Galp** and Mozambique's state-owned **Empresa Nacional de Hidrocarbonetos** (ENH), they have asked Technip to work on a design similar to **Coral's** FLNG, which is scheduled to start production in late 2022. Coral FLNG will have a throughput of 3.4m tonnes, but ExxonMobil and ENI would like the future liquefaction vessel to reach 5m tonnes. The decision was made at a meeting of Block 4 partners in May.

## Bad news for TotalEnergies

**TotalEnergies**, as the operator of Block 1 with a 26.5% stake, is still banking on having two onshore liquefaction trains on the Afungi Peninsula, where ExxonMobil was initially also to have installed one of its own. But despite the best efforts of the Rwandan army, the security situation in Palma in the immediate vicinity of Afungi has deteriorated significantly. This has dashed any hope of resuming work in 2022, a year and a half after the site was shut down.

ExxonMobil's revised offshore plans are bad news for the French major, which was counting on its counterpart to share the costs of common infrastructure, such as those linked to the airstrip, barracks for soldiers, and oil workers' accommodation. If ExxonMobil decides to postpone any decision on onshore investments for several years, TotalEnergies would become the only oil company using Afungi. But the situation is still hypothetical for the moment, as the resumption of the French major's activities is conditional on the security situation improving by 2023.

ExxonMobil and ENI's decision to move forward via an FLNG could also lead TotalEnergies to rethink its own plans and change its initial strategy. This consisted of relying on onshore trains for cost reasons. For each cubic metre of gas produced, an FLNG is much more expensive than onshore trains.

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