



PROGRESS BY “THE DRILL BIT”

By Emma Nahayo Mugizi, Senior Corporate Affairs Officer

At a recent meeting, Mr. Ernest Rubondo, the Executive Director of the Petroleum Authority of Uganda (PAU) described the progress of our organisation and the oil and gas sector generally, with an interesting analogy. He said we were experiencing “progress by the drill bit”.

We all listened keenly but the comparison stayed on my mind for some time after the meeting, until I finally decided to research this “drill bit”. As I read about it, I understood the significance of the analogy.

You see, the drill bit, is the end (or beginning) of a drill. There are several types and sizes of drill bits in the oil and gas industry, with the biggest weighing 1,700kg – about the size and weight of a small car. The drill bit usually consists of two or three cones that are made up of hard materials and “sharp teeth”. It goes through the ground, rotating, tearing away at the soil, rock and sediments until it reaches and penetrates the reservoir rock, targeting oil, or water, or gas: a reservoir can have a combination of any of the three.

But the thing about the drill bit is the *process*. There is an inevitable process it must go through in order to strike the oil. It has to go through all the necessary levels and existing stratigraphic (rocks and soil) layers and also through the reservoir rock. And that is what makes this analogy brilliant.

The PAU is a fairly young organisation: put in place by law in 2013, structure set up in 2015 with the appointment of the Board of Directors, Management in place in 2016/2017, a bold and impressive strategic plan approved in 2017/2018, and a current staff structure with less than 50% of the positions filled.

Every step the PAU has taken in only three years so far, is an important, necessary and inevitable step of the growth process. The progress we make as an organisation is, and will be, in stages. Just like the drill bit.

The same goes for the oil and gas industry in Uganda. The urge to “see our oil now” is quite strong, and during some of the engagements we have had with different stakeholders, the “seeing is believing” mentality has been hard to shake.

Simply put, there is a process, an unavoidable, necessary process that the country must go through before we “see the oil”. Just like the drill bit. The oil will be realised during the production phase. The stage we are in now, however, is the development phase. Several studies have been concluded including Front End Engineering and Design (FEED) for the various projects, and the investors are expected to take the Final Investment Decision (FID) this year. This stage also involves construction of the infrastructure that must be in place before the oil comes out, including a Central Processing Facility, Refinery and Export Pipeline. Other infrastructure that need to be completed include the second international airport at Hoima, the critical oil roads, and several camps.

The good news for Ugandans, though, is that this is not a “waiting” stage like the exploration phase before it. At the core of the PAU’s purpose is ensuring Ugandans benefit from the oil and gas activities, and it is crucial for us to spread this message: the time to benefit from oil and gas is now, during this development stage. Keep in mind that the investors will go through most of the capital expenditure (over US\$15 billion) during this time. The main benefits for Ugandans are in form of the opportunities for technical skills employment and supply of goods and services to the industry.

As the PAU and the sector progress “by the drill bit” we shall continue with the stakeholder engagement programmes all over the country. Our quest is to monitor and regulate Uganda’s oil and gas industry in a way that creates lasting value for society and ensures an attractive investment environment.

ENDS

Picture: A drill bit

