

**MINISTRY**

**MINERAL RESOURCES AND ENERGY**

**REPUBLIC OF SOUTH AFRICA**

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 **Memorandum from the Parliamentary Office**

**National Assembly: 1467**

Please find attached a response to Parliamentary Questionfor ***written reply*** asked by **Ms P Madokwe (EFF) to ask the Minister of Mineral Resources and Energy**

**Ms Hilda Mhlongo**

**Deputy Director-General: Corporate Services**

**…………../…………./2023**

Recommended/ Not Recommended

**Mr. Jacob Mbele**

**Director-General: Mineral Resources and Energy**

**………………/………………/2023**

Approved / Not Approved

**Mr. S.G Mantashe**

**Minister of Mineral Resources and Energy**

**………………/………………/2023**

**1467. Ms P Madokwe (EFF) to ask the Minister of Mineral Resources and Energy:**

Considering that petroleum remains in the custody of the state and noting the recent decision by his department to grant a certain energy company (name furnished) environmental authorisation to conduct exploratory drilling between Cape Town and Cape Agulhas, what (a) financial benefits does he envisage for the state and its citizens should the efforts by the specified company prove fruitful and (b) are the reasons that the state is not investing in building its own capacity to explore, produce and sell gas and oil products found on its shores? **NW1695E**

**Reply:**

The joint-venture partnership which has been granted environmental authorisation for exploration drilling in the west coast block comprises TotalEnergies, Shell and PetroSA. TotalEnergies is the operator for the joint-venture, hence the environmental authorisation is directed to TotalEnergies but the license is for the joint-venture which includes the state owned company, PetroSA.

1. It is premature to provide estimate of the financial benefits that would accrue to the state and our people if the exploration was to be successful as this would depend on the actual size of the discovery. We know though that licensees must pay royalties to the fiscus for the oil and gas they extract or produce. The revenue to the fiscus will benefit all our people. If the efforts are fruitful, the project will create permanent employment for some of our people.
2. The state, through PetroSA, has capacity for exploration and production of oil and gas as demonstrated by PetroSA’s 20 years track record in producing oil and gas in the south coast which was used as feedstock to the gas-to-liquids (GTL) refinery in Mossel Bay. PetroSA continues to build its capacity to play a more meaningful role in the upstream oil and gas sector as envisaged in Upstream Petroleum Resources Development Bill, 2021. (The UPRD Bill sets the mandatory state participation at 20% carried interest). PetroSA’s participation in the west coast block recently licensed for exploration is an example of how they continue to build their capacity.