The Nawara Gas Project, The Umbilical of Tunisia

The Nawara Gas Development Project is a key strategic infrastructure project unlocking South Tunisia’s gas resources and as such has been designated a Project of National Interest. For OMV, this joint project with ETAP is a substantial part of its growth story in Tunisia, and within its international portfolio.

History

In 2003, the exploration permit Jenein Sud in South Tunisia (Tataouine Governorate) was granted to the national oil company ETAP and OMV, one of Austria’s largest listed industrial companies. The permit states that the exploration costs, including the drilling of exploratory wells, are at the expense and risk of OMV.

In January 2006, the Nawara gas/condensate discovery was made. Eight more successful wells resulted from two further drilling campaigns in 2008 and 2010. That year, the Nawara concession was granted equally to ETAP and OMV (50/50) by the Tunisian Ministry of Industry, Energy and Mines.

The Nawara Gas Development Project was launched in 2008 by ETAP, OMV, ENI and Pioneer to transport and process the future gas/condensate. ENI left the consortium at the end of 2012 and OMV bought Pioneer’s Tunisian assets in January 2011.

In April 2012, the Tunisian Government unilaterally changed the location of the facilities and pipeline route to include the city of Tataouine. This altered routing would have made the project uneconomical and, in February 2013, the Government agreed to revert to the original route with the plant in Gabès.

In March 2014, the Government announced, independently from the Nawara Project, the construction of a spur line to the city of Tataouine, a gas treatment plant with a capacity of 600,000 Sm3/d and an LPG bottling unit to create new job opportunities and to satisfy local gas demand.

Concept

The Nawara Development Project consists of three components:

- Central Processing Facility (CPF) at Nawara site (capacity of 2.7 mn Sm3/d potentially expandable): Max Streicher and Bouchamaouï Industries consortium (BIMS).
- Gas Pipeline (24”, 370 km) (PPL) from Nawara to Gabès: Max Streicher and Bouchamaouï Industries consortium (BIMS).
- Gas Treatment Plant (GTP) at Gabès to produce LPG products and commercial gas: between ABB Italy and TDE Canada consortium.

Objectives

- Bring 16 bn Sm3 of gas to the Tunisian market roughly 11% of Tunisia’s estimated gas consumption during the project life.
- Develop the Nawara Concession to provide for commercial gas sales of 2.4 mn Sm3/d. In addition, condensate (6.5 mn bbl) and LPG (8.5 mn bbl extracted at the GTP) will be produced and sold. The production plateau could be extended by further exploration and appraisal work within the Jenein Sud permit.
Benefits for the Tunisian economy

The Nawara Project:

► Created roughly 1 000 temporary jobs of skilled and unskilled labour during the construction phase.
► Will bring significant financial rewards for Tunisia. The financial impact on the Tunisian budget resulting from the gas revenues and taxes will be substantial.
► Will reduce Tunisia’s dependency on energy imports and increase the GDP.
► Will develop the national resources. The production from new gas discoveries in South Tunisia can be expedited via the Nawara gas pipeline, which has a design capacity of potentially up to 10 mn Sm3/d.

Status and milestones

► The Project was granted OMV internal Final Investment Decision in March 2014
► The main commercial agreements were signed in March 2014: Gas Sales Agreement with Tunisian STEG and LPG Sales Agreement with Tunisian STIR
► The European Investment Bank’s co-financed the project by granting a loan of EUR 150 mn to ETAP in March 2014 and a loan of EUR 230 mn to OMV
► EPCC contracts awarded in August 2014 following a successful international transparent tender
► Government Decree of National Interest signed in June 2015 making Nawara a Project of National Interest
► Project progress in September 2018: 96%

The Project progress has been negatively affected as a result of the recent low oil price environment and other challenges faced, such as land management issues and most recently the social unrest in the South. This has manifested itself as increased costs and delays in first commercial production.

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