

# Understanding Sudan

## A Teaching and Learning Resource



### Fact Sheet Sixteen: The MOEP position paper

You have just submitted an application to buy the ONGC Videsh Ltd (OVL) share in block 5B. Though you know this block may not have very much oil in it, it offers you a way into a Sudanese oil economy currently dominated by Asian parastatals. Given that oil prices are so low, and your belief that, given oil is such a valuable and scarce resource, it will increase in value again, now is an excellent time to enter the oil market in Sudan at a reduced cost.

You know that in your initial contract letter you made several claims that were not entirely true:

- The claim about GNOPC's contract being more appropriate to times when oil prices were higher is untrue – the contract was signed in 1996/7, when oil prices were at \$25 a barrel.
- It is equally false to argue that exploration means they should get a higher share in the oil – if you look at the fact sheet on economic organization, you will see that exploration is factored in before any profits are calculated.

You should keep these things secret from the other parties, but, if they notice them, you must think of ways to defend what you said.

In your presentation, try to expand and develop each of the points made in the position paper, using the information you have available to you. This might include:

- Setting out the history of how dangerous and uncertain oil exploration is in Sudan as a justification for the contract you have proposed.
- If you have access to a computer, you could attempt to show there is no environmental damage from oil exploration, and even if there was, no other oil company has been asked to comply with stringent environmental regulations, so it is unfair if you are. Alternatively, you could agree to environmental regulations, but if so, you must think of what regulations you would be willing to accept and how they would be enforced.
- You should think about what the other teams will ask of you. Do you think the government of Sudan will be happy you want to employ a French team to build infrastructure? If not, why not, and how might you justify your use of a French team: are they perhaps specialized workers?

Good Luck!