

# Dubious gas rights deal

One-man firm gets huge exploration rights

**AMIL UMRW, VUSI MTHALANE and JONATHAN ERASMUS**

A ONE-MAN show run from a shared office block in Cape Town has obtained the largest exploration rights in Kwa-Zulu-Natal.

Rhino Oil and Gas Exploration South Africa, which has its corporate office in the known tax haven of the British Virgin Islands, and with no known black economic empowerment partner, has landed not only a 1.5-million hectare exploration right in KZN, but similar rights in the Free State and Eastern Cape covering 73 876 km<sup>2</sup>. The company also boasts off-shore rights in Namibia, the Western Cape and Senegal.

With the multinational subsidiary's notice of application for environmental authorisation lambasted in the media recently, environmentalists have hit back, citing the vagueness surrounding the exploration as a major cause of concern. *The Witness* has since found that African director Phillip Steyn operates from a single office in Cape Town's Icon Building, with no secretary and works off a Gmail account.

*The Witness* tried to contact Steyn several times via telephone, SMS and e-mail over a period of three days. However, he could not be reached. The company had recently lodged an application for an exploration right with Petroleum Agency South Africa (Pasa). Oil, gas, condensate, coal bed methane, helium and biogenic gas are some of the minerals the exploration hopes to uncover through seismic surveys and drilling planned for three years.

The company has maintained that fracking is not envisaged. Pasa was contacted and after initially apologising for not answering several questions, no response was submitted before print deadline yesterday. The Department for Mineral Resources also referred *The Witness's* queries from one person to another, and they too could not meet the deadline for response.

The exploration in KZN will include approximately 10 000 farms in areas like Richmond, Ladysmith, Dundee, Mooi River, Estcourt, New Hanover, Ashburton, Umtata and Nkandla.

Environmentalists have slammed the move over concerns of potential fracking that may lead to widespread damage to the ecosystem. KZN-based NPO Oil and Gas Exploration have been "minimalistic" on what they intend to do if valuable minerals are found in KZN. "They [Rhino] might say there is no possibility of fracking, but what they are looking for could be fracked in the future," Peek said.

Peek added even though farmers have a say in terms of negotiating drilling on their farms, farmers who have not applied for the rights to mine on their farms or have not used their right, could be overpowered by anyone who obtains the permission to do so. Acting chair of the Midlands Conservation Forum Sarah Allan said they are concerned about the affect of the exploration on key water resources in KZN. "The drilling has potential for a huge impact on the quality and quantity of underground water resources which will in turn have a catastrophic impact on local agriculture," Allan said.

**SCARCE WATER VERSUS JOBS**

The Umzimvubu Catchment Partnership (UCP), an alliance of 34 local communities with straddles KZN and the Eastern Cape says it believes if Rhino Oil and Gas Exploration South Africa is granted permission to proceed with the early-phase exploration, it will lead to hydrological fracturing.

"We need farming, not fracking," said UCP secretary Nicky McLeod, who is also an environmental scientist. The mountains where the exploration is set to take place form part of the Drakensberg range bordering Lesotho. According to the map that is part of Rhino's application, the area to be explored goes right up to the Ongelusknek Wetlands which McLeod says replenish underground water for boreholes that supply water to local communities and also feed into the Umzimvubu River, providing water to many people downstream.

"The Umzimvubu system has been earmarked for a major water storage initiative and potentially even hydroelectric capacity. Unfortunately fracking and water conservation do not work together. The fracking process needs up to 20 million litres of water per fracking well," she said. McLeod says studies done in countries where fracking has taken place show the negatives far outweigh the benefits. Tello Lephuthing is one of the people who support the idea of mining as he says it will provide employment and other benefits to the mostly rural communities.

*The witness 19-10-15*