

Fact Sheet: TotalEnergies, Shell, and PetroSA's Proposed Offshore Oil and Gas Exploration Drilling in the Western Cape

Summary of the Proposed Offshore Exploration Drilling

TotalEnergies and Shell, along with PetroSA, hold an exploration right in Block 5/6/7 to search for offshore oil and gas reserves. TotalEnergies, the operator of the Block, is applying for an environmental authorisation to drill up to five offshore exploration wells between Cape Town and Cape Agulhas.

TotalEnergies has commissioned a Scoping Report, which is **open for public comment until 4 July 2022**.

The proposed drilling may have adverse impacts on the marine environment and economy, including on the fishing and tourism industries.

According to energy experts, maintaining a 1.5-degree global temperature rise requires that no new oil and gas reserves are exploited, making this proposal contradictory to South Africa's international climate commitments.

Recent studies from [Meridian Economics](#) and the [International Institute for Sustainable Development](#) have confirmed that South Africa does not need gas as a "transition" energy source or as a supplement to renewables, and that investment in gas-to-power projects would be a "costly mistake".¹

Both TotalEnergies (formerly Total) and Shell, as well as their various subsidiaries, have a track record of oil spills and environmental harm throughout the African continent.

Opportunities for Public Participation

- The Scoping Report is available on SLR's website: <https://www.slrconsulting.com/en/public-documents/TEEPSA-567>
- Any individual, organisation, or business can register as an interested and affected party (I&AP) by emailing TEEPSA-567@slrconsulting.com or sending a message via SMS/Whatsapp to [063 900 5536](tel:0639005536). Registering as an I&AP allows you to comment on the Scoping Report and/or receive updates on the proposed drilling.
- Comments on the Scoping Report are due to SLR by 4 July 2022.

Area of interest for the offshore exploration

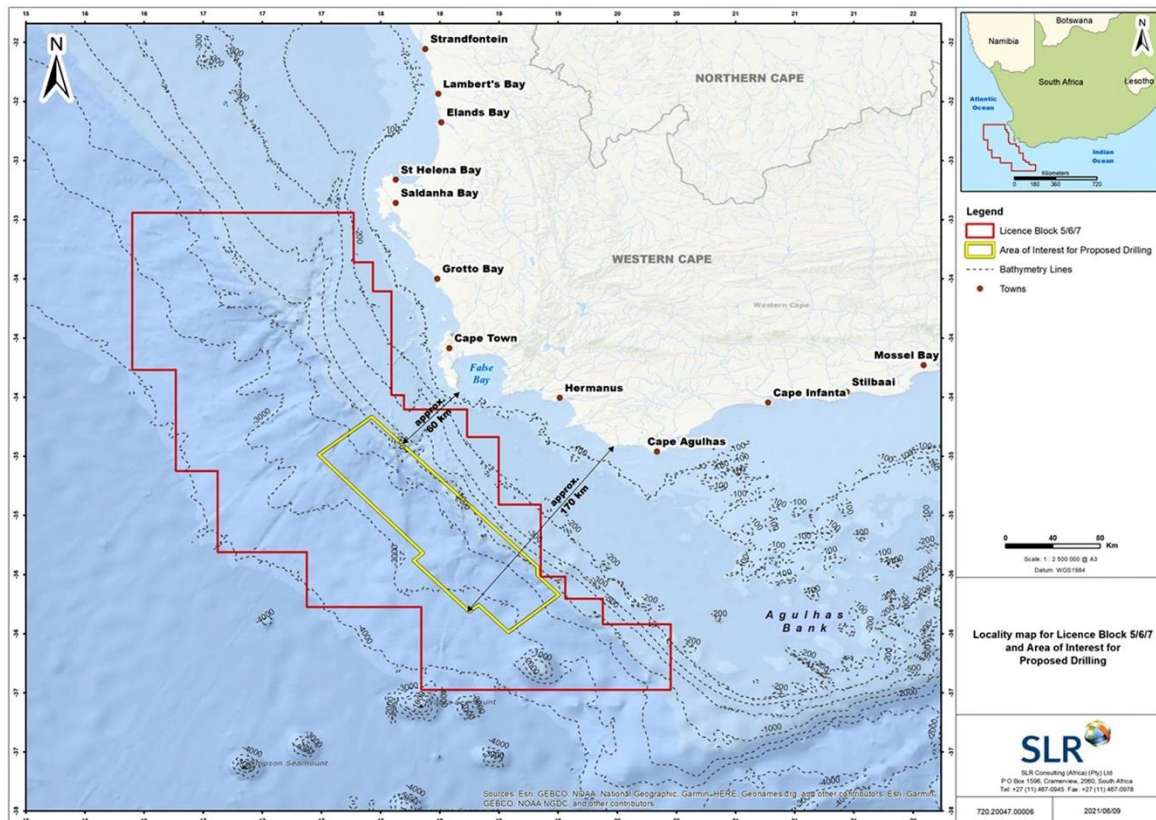


FIGURE 1: LOCALITY OF BLOCK 5/6/7 AND THE AREA OF INTEREST FOR PROPOSED EXPLORATION DRILLING OFF THE SOUTH-WEST COAST

Source: Scoping Report, Executive Summary, page iii, https://cdn.slrconsulting.com/uploads/2022-05/01_TEPSA_567_DSR_ExecSumm.pdf

Overview of the TotalEnergies-Shell Exploration Proposal & Scoping Report

TotalEnergies EP South Africa (TEEPSA) has applied to drill up to five exploration wells in Block 5/6/7, which runs along the coast from Saldanha Bay to Cape Agulhas.

The Area of Interest, within the larger block, is 10,000km², and located roughly between Cape Town and Cape Agulhas, as close as 60km from the coast. See the map above.

The drilling is proposed to take place over a 3-4 month period between October 2023 and June 2024.

Ownership of the Exploration Right for Block 5/6/7 is shared between TEEPSA (40%), Shell (40%) and PetroSA (20%). As the operator, TEEPSA must obtain an Environmental Authorisation (EA) before it can drill exploratory wells. As the first step to obtaining this EA, they have commissioned SLR Consulting to prepare a draft Scoping Report.

Members of the public can register as Interested and Affected Parties and comment on any aspect of the proposed project and its potential impacts until 4 July 2022.

The purpose of the Scoping Report is to communicate the scope of the proposed project, consider project alternatives, and identify the impacts of the project on human rights and the environment. The Scoping Report must also present a plan of study for the Impact Assessment phase, including a plan for inclusion of technical and specialist studies.

Important considerations and concerns about oil and gas exploration in this area

- **Gas Exploration is Neither Needed nor Desirable**

The need and desirability statement in the Scoping Report relies heavily on the “need” for gas as part of South Africa’s transition to renewable energy sources. However, recent studies by [Meridian Economics](#) and the [International Institute for Sustainable Development](#) found that it does not make economic sense for South Africa to use gas to produce electricity, and that investing in gas and gas-to-power infrastructure “would be a costly mistake.”ⁱⁱ These studies confirmed that the least-cost path for South Africa is to transition directly from coal to renewables, meaning that a local supply of gas is unnecessary and undesirable.ⁱⁱⁱ

The Scoping Report also suggests that local gas supplies are needed to provide energy security for South Africa. On the contrary, [a recent study by Meridian Economics](#) found that ending loadshedding does not require the use of any additional fossil fuel generation, and that the deployment of an additional 5 GW of renewable energy sources would have allowed Eskom to eliminate 96.5% of load shedding in 2021.^{iv} Therefore, this proposed project would not be necessary to assist in remedying South Africa’s current energy crisis.

- **Potential Environmental Impacts of the Project**

According to the Scoping Report, the proposed exploratory drilling could result in a reduction in air and water quality in the area of interest, disturbance of or behavioural changes to marine and coastal animals, the introduction of alien invasive marine species, and the smothering of species living on the sea floor.

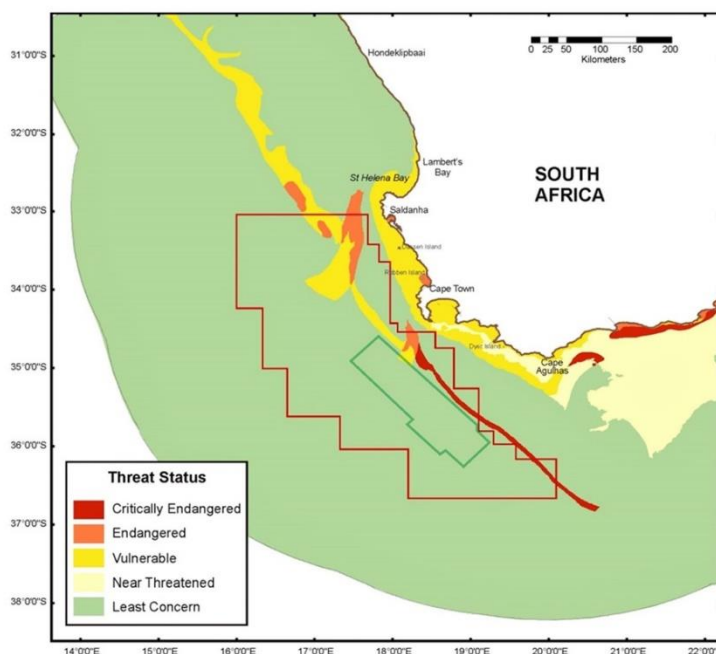


FIGURE 4: BLOCK 5/6/7 AND THE AREA OF INTEREST FOR PROPOSED EXPLORATION DRILLING IN RELATION TO ECOSYSTEM THREAT STATUS OFFSHORE THE SOUTH-WEST COAST

Adapted from Sink *et al.* 2019

This is in addition to the potential for oil spills and the possibility of a large blow-out.

The proposed drilling may affect the presence, health, and behaviour of numerous species that are likely to be present in the block, including various pelagic and demersal fish species known to spawn in the area, plankton, which are the building blocks of ocean ecosystems, three species of turtle, fifteen species of seabird (including the African Penguin), and thirty-five species or sub-species/populations of cetaceans (whales and dolphins).

As Figure 4 from the Scoping Report shows, the proposed drilling will take place near critically endangered, endangered, and vulnerable ecosystems.

There are numerous Marine Protected Areas (MPAs) and Critical Biodiversity Areas (CBAs) in the vicinity of the Block, including some which are located in the Block itself. As the potential impacts associated with underwater drilling would not be confined to the boundaries of the Block, including impacts resulting from oil spills, the close proximity of the project to these protected areas may be cause for concern.

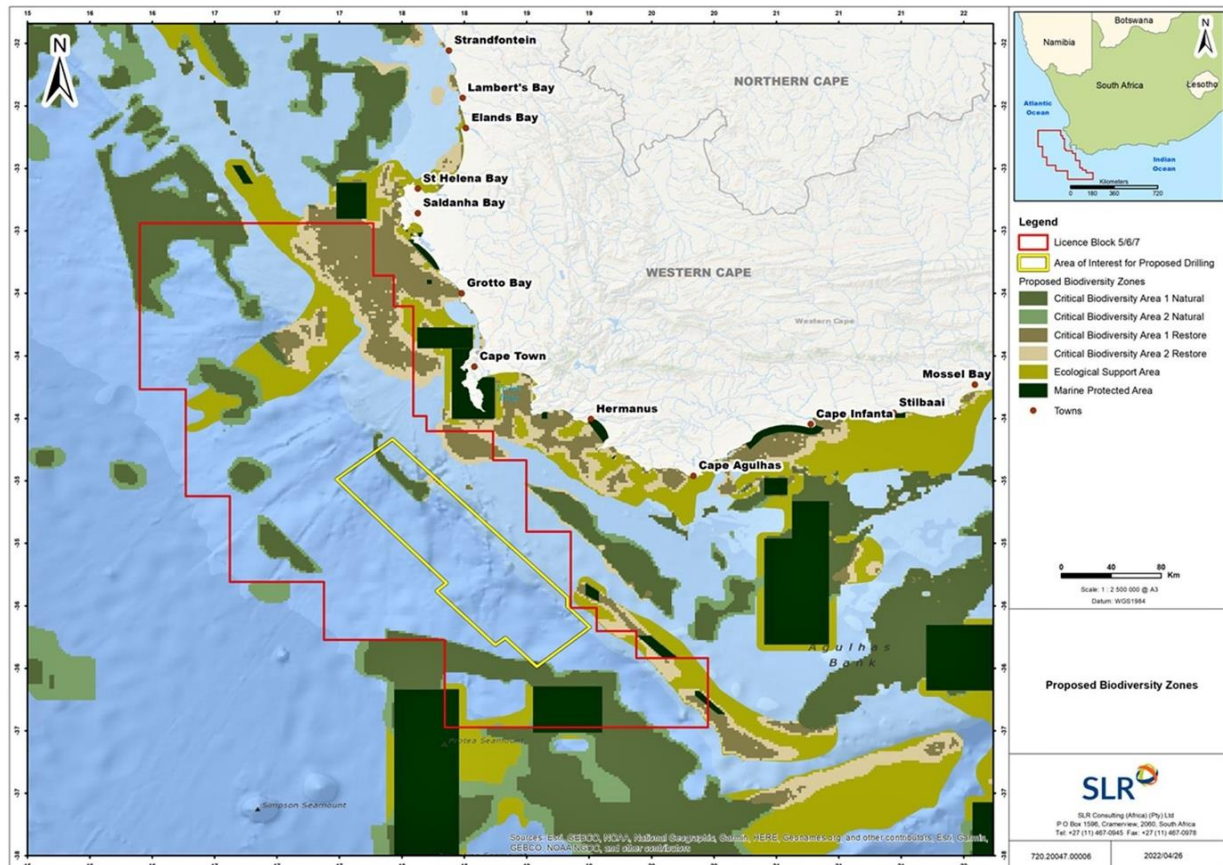


FIGURE 7: BLOCK 5/6/7 AND THE AREA OF INTEREST FOR PROPOSED EXPLORATION DRILLING IN RELATION TO MPAs, CBAs AND ESAs

Adapted from Harris et al. 2022 (Version 1.2, April 2022)

Source: Scoping Report, Executive Summary, page xvi, https://cdn.slrconsulting.com/uploads/2022-05/01_TEPSA_567_DSR_ExecSumm.pdf

- **Climate Change Impacts**

South Africa has committed to stay on a pathway to keep global average temperature increases below 1.5 degrees Celsius, which global experts agree can only be achieved if no new oil and gas reserves are exploited.^v Therefore, the proposed exploration is contrary to scientific consensus and will prevent South Africa from fulfilling its international climate obligations. This should be considered a fatal flaw with regard to the need and desirability of this exploratory drilling.

The need and desirability analysis presented in the Scoping Report fails to recognise the inextricable links between exploration and production - i.e. that this project's outcome would

be the production of oil and gas. Impacts related to production activities are reasonably foreseeable impacts eventuating from exploration, and as such, the Scoping Report and any subsequent environmental assessment and specialist reports, must assess the cumulative impacts of oil and gas exploration *and production*.

- **Potential Economic Impacts on Fishing and Tourism**

The proposed exploration is not likely to create long-term jobs for South Africans; however, the proposed activities “could potentially affect fishing activities, as a result of fishing exclusion from the 500m operational safety zones around the drilling unit; increased underwater noise disturbance during drilling and VSP [vertical seismic profiling] activities, the abandonment of the wellheads on the seafloor.”^{vi}

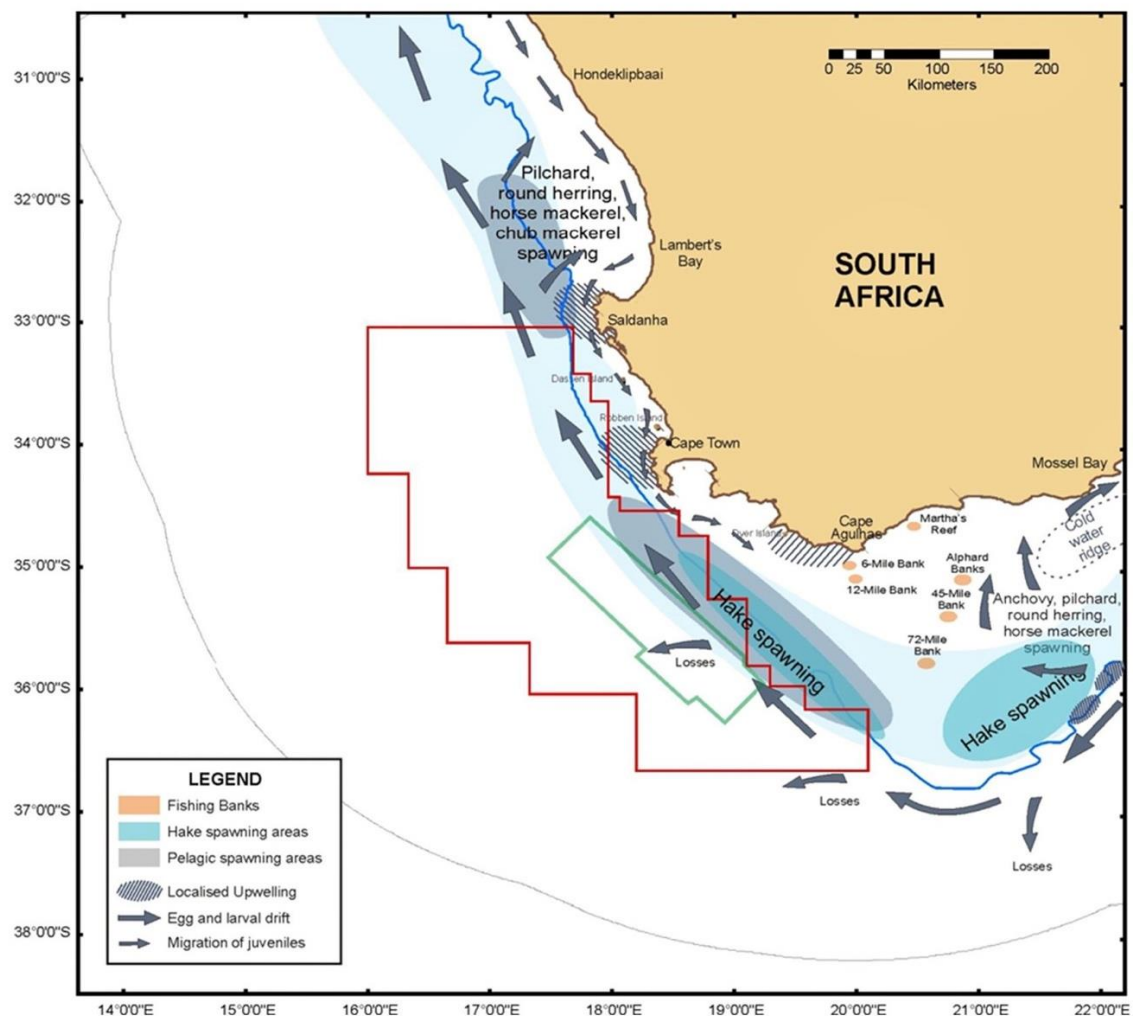


FIGURE 5: BLOCK 5/6/7 AND THE AREA OF INTEREST FOR PROPOSED EXPLORATION DRILLING IN RELATION TO MAJOR SPAWNING AREAS IN THE SOUTHERN BENGUELA REGION

Adapted from Cruikshank 1990

Source: Scoping Report, Executive Summary, page xv, https://cdn.slrconsulting.com/uploads/2022-05/01_TEPSA_567_DSR_ExecSumm.pdf

Further, according to the Scoping Report, Southern right whales may be affected by the drilling while passing through the Block *enroute* to their coastal breeding grounds.^{vii} Given that the noise and disturbance from the drilling may affect the presence and behaviour of cetaceans like Southern right whales, the drilling could affect tourism along the Whale Coast, which relies on the presence of these whales to generate tourism revenue for the region.

- **Total and Shell’s Global Legacy of Environmental Harm and Corruption**

In 2021, a Dutch court ordered Shell to engage in extensive clean-up efforts and compensate affected communities in Nigeria, where hundreds of oil spills each year have led to significant environmental degradation.^{viii} Shell settled with another Nigerian community for around \$111 million for damages resulting from Shell’s oil spills.^{ix} Meanwhile, Shell’s Nigerian assets are currently frozen pending the outcome Shell’s appeal against a 2020 Nigerian court decision ordering Shell to pay USD\$1.92 billion to 88 Nigerian communities affected by Shell’s oil spills.^x

Meanwhile, TotalEnergies faced a 2021 inquiry into a five-year-long oil spill which poisoned water in the Lagos area,^{xi} as well as backlash from another community in the Rivers State of Nigeria for over 60 years of environmental harm.^{xii} Total is currently facing civil charges in France arising from its operations in Uganda and Tanzania for failure to comply with the company’s legal obligations to prevent human rights violations and environmental harm.^{xiii}

Both TotalEnergies and Shell have a history of corruption. For example, Total officials were found guilty by a French court for bribes they made to French political parties and leaders in Gabon, Angola, Cameroon and Congo.^{xiv} Total was also found guilty of bribing Iranian officials by both a French court and the United States Department of Justice.^{xv} Shell has admitted to fuelling corruption in Nigeria.^{xvi}

ⁱ International Institute for Sustainable Development, “Gas Pressure: Exploring the case for gas-fired power in South Africa” (2022), page iv, <https://www.iisd.org/system/files/2022-03/south-africa-no-need-for-gas.pdf>; Meridian Economics, “Hot Air About Gas” (2022), pages ii-iii, <https://meridianeconomics.co.za/wp-content/uploads/2022/06/Hot-Air-About-Gas.pdf>

ⁱⁱ International Institute for Sustainable Development, “Gas Pressure: Exploring the case for gas-fired power in South Africa” (2022), page iv, <https://www.iisd.org/system/files/2022-03/south-africa-no-need-for-gas.pdf>

ⁱⁱⁱ Meridian Economics, “Hot Air About Gas” (2022), pages ii-iii, <https://meridianeconomics.co.za/wp-content/uploads/2022/06/Hot-Air-About-Gas.pdf>

^{iv} Meridian Economics, “Resolving the Power Crisis Part A: Insights from 2021—SA’s Worst Load Shedding Year So Far” (2022), pages ii-iii, <https://meridianeconomics.co.za/wp-content/uploads/2022/06/Resolving-Load-Shedding-Part-A-2021-analysis-01.pdf>

^v https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

^{vi} Scoping Report, Executive Summary, page xxiv, https://cdn.slrconsulting.com/uploads/2022-05/01_TEPSA_567_DSR_ExecSumm.pdf

^{vii} Scoping Report, Executive Summary, page xiii, https://cdn.slrconsulting.com/uploads/2022-05/01_TEPSA_567_DSR_ExecSumm.pdf

^{viii} <https://edition.cnn.com/2022/05/25/africa/shell-oil-spills-nigeria-intl-cmd/index.html>

^{ix} <https://edition.cnn.com/2022/05/25/africa/shell-oil-spills-nigeria-intl-cmd/index.html>

^x <https://www.thecable.ng/oil-spills-court-stops-shell-from-selling-assets-in-nigeria>

^{xi} <https://tribuneonline.com/rep-s-set-up-four-man-committee-to-probe-oil-spill-in-akoka-area-of-lagos/>

^{xii} <https://www.sunnewsonline.com/oil-spill-rivers-communities-demand-n800bn-compensation/>

^{xiii} <https://www.jurist.org/news/2021/12/french-high-court-rules-procedural-victory-for-civil-organizations-in-total-ugandaoil-case/>

^{xiv} <https://www.theguardian.com/business/2003/nov/13/france.oilandpetrol>

^{xv} <https://www.spglobal.com/marketintelligence/en/news-insights/trending/sTikEj7BVacMvj1hPpVZKq2>

^{xvi} <http://news.bbc.co.uk/1/hi/business/3796375.stm>