



The Republic of South Sudan

Press Release

Gradual and Responsible Shut Down of Oil Operations in South Sudan Progresses Well

Addis Ababa, 25 January 2012. The Government of South Sudan is making good progress with the shut down of all oil wells in its producing fields. The shutdown is managed and carried out by the operators in close co-operation with Ministry of Petroleum and Mining (MPM). A new shut down operations room has been established in the MPM. The senior technical staff of MPM and the heads of the oil companies and their technical staff are meeting around the clock to coordinate activities and monitor the shutdown to ensure against compromising the assets, health, safety and the environment.

The shutdown of Block 5A, operated by White Nile Petroleum Operating Company (WNPOC) is complete, with all 55 wells closed down. All the feeder pipelines have been flushed and are clean. (Trunk and flow lines are being flushed and WNPOC has informed MPM that it has enough diesel to complete a proper clean up). The post shutdown analysis shows that there is no damage to the infrastructure, no adverse environmental, health or safety impacts. MPM staff in the fields have been overseeing the shut down implemented by WNPOC staff directly. MPM has requested daily reports from WNPOC's Health, Safety and Environment manager.

The shutdown of the wells in blocks 1/2/4 is progressing well. All 274 wells have ceased production and the flushing and cleaning to preserve the infrastructure continues. Yesterday, MPM met with the operators to discuss the post shutdown activities and no adverse impacts to the environment, health or safety have been reported.

The shutdown of the more than 600 wells of blocks 3 and 7 also is progressing well. The shutdown in these two blocks has entered the stage of reduced production. In cooperation with the MPM, the operators are taking all measures to ensure a controlled and responsible shut down and by the end of today, the volume of oil production will have been gradually reduced from 275,000 barrels per day to 135,000 barrels per day. Technically the shutdown of Blocks 3 & 7 is more challenging because the viscous nature of the oil and the large number of wells (approximately 600). Therefore the shutdown of the Blocks 3 & 7 fields is not just controlled, but more gradual. Indeed the MPM and the operators are taking all steps to ensure that there is no damage to the infrastructure and that no environmental damage will result from the shutdown of wells.

The shutdown operations that have been ordered by RSS will not cause any damage to oil infrastructure located in the Republic of Sudan. Indeed, The Republic of South Sudan has no



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intention to harm or damage any of Sudan's oil facilities. RSS is not ordering the shut down of Sudan's pipelines, processing facilities, or wells. RSS is only shutting down its own production in the South.

Regarding the western pipeline (known as the GNPOC pipeline), there is still enough oil in Sudan that goes through this pipeline to keep that pipeline operational. With respect to the Petrodar pipeline in the east, it is the sole responsibility of the Khartoum government to ensure that –once it stops receiving oil originating from the RSS, it must be flushed and cleaned to prevent jelling of heavy crudes within the pipeline. This jelling can happen in about 1.7 days if left unaddressed by Khartoum and the operators. The cleaning of the Petrodar pipeline, however, cannot be done by the RSS. The pipeline is within the territory of the Republic of Sudan. For that matter, the RSS has no authority to shut down or clean the pipelines and associated facilities in Sudan. If any damage to the infrastructure in Sudan occurs, it is simply the result of inaction by the Sudan government, which is now well aware of the actions the operators are taking at the express instruction of RSS.

In conclusion, the shutdown of oil production across South Sudan is being carried out in a gradual and responsible manner and as of today it has been very successful and the MPM has not observed, nor has it received any reports of damage to infrastructure or harm to the environment. RSS expects the finalization of the shut down operations to continue similarly.