

The East African Crude Oil Pipeline (EACOP) Project

The EACOP is a transboundary 1,443km crude oil export pipeline that will transport Uganda's crude oil from Hoima (Uganda) to Tanga port (Tanzania). It will provide an alternative outlet for the produced oil to ensure a return on investment for the licensees and Government.

The pipeline route was selected as more secure, with a cheaper construction cost and a lower tariff, and the most environmentally safe possible for the country. The Project is designed to comply with Ugandan and Tanzanian national legislations and international requirements.

Due to Uganda's crude oil's dense and waxy nature, the pipeline will need to be heated along the route, making EACOP the longest heat-traced pipeline in the world. The pipeline will mostly be buried to ensure minimal environmental and social impact and is being built to exceed global safety and international environmental requirements.

In Uganda, the 30-meter-wide corridor stretching 296km will take up to 2,740 acres of land for the pipeline, four campsites, and two pump stations, affecting 3,648 people – the Project Affected Persons (PAPs). It traverses the ten districts of Hoima, Kikuube, Kakumiro, Kyankwanzi, Mubende, Gomba, Sembabule, Lwengo, Rakai and Kyotera.

The pipeline corridor covers 1,147km and 10,081 acres of Tanzania land, affecting 9,513 PAPs. The stretch will consist of the pipeline, four pump stations, two pressure reduction stations, 12 camps, a marine storage terminal, and a thermal insulation facility. It traverses the 23 districts of Missenyi, Bukoba, Muleba, Biharamulo, Chato, Geita, Mbogwe, Bukombe, Kahama, Nzega, Igunga, Iramba, Mkalama, Singida, Kondo, Chemba, Hanang, Kiteto, Kilindi, Handeni, Korogwe, Muheza, and Tanga.

The pipeline is designed to transport 216,000 barrels of crude oil per day, with a ramp-up of up to 246,000 barrels. It starts at the Kabaale in Hoima district and its marine export storage terminal, and the load-out facility will be north of Tanga port over the Chongoleani peninsula.

The development of this pipeline is expected to contribute to opening another route for the country, and other regional partners, such as Eastern DR Congo, Burundi, Rwanda, and South Sudan, to access the East African coast.

The EACOP project is being developed and will be operated by EACOP Ltd, a company composed of TotalEnergies SE (62 per cent), Uganda National Oil Company (15 per cent), the Tanzania Petroleum Development Corporation (15 per cent), and the China National Offshore Oil Company (8 per cent).

EACOP Progress

- The Inter-Government Agreement (IGA) for the crude export pipeline was signed in May 2017. The Front-End Engineering Design (FEED) for the EACOP was carried out and approved by the Petroleum Authority of Uganda in October 2020.
- The Resettlement Action Plan (RAP) for the Project was completed and approved by the Chief Government Valuer, and the RAP implementation process is ongoing.
- The Environmental and Social Impact Assessment (ESIA) studies for the EACOP were approved, and NEMA issued the certificate in December 2020.
- Host Government Agreements (HGA) for both Uganda and Tanzania, Shareholders Agreement (SHA) and Tariff & Transportation Agreement (TTA) were signed in April 2021. These agreements are required to provide a robust commercial and legal structure for the Project, which is critical to achieving project financing and viability for several decades.
- An EACOP Special Provisions Act (2021) was enacted in December 2021 to facilitate the implementation of the EACOP project in Uganda.
- On February 1, 2022, EACOP Ltd announced the Final Investment Decision (FID) for the EACOP Project. This signified the company's commitment to building a pipeline to turn the landlocked East African nation into a significant crude oil exporter.
- EACOP is a Project financed with a debt-equity ratio of 60:40. The process of raising the debt component under project finance for EACOP is underway.
- China Petroleum Pipeline Engineering Company Ltd (CPP) was contracted to construct the Pipeline and Above Ground Installations (AGI) in Uganda and Tanzania. CPP undertook a pre-construction survey of the EACOP route and AGI locations in March and April 2022.
- EACOP Ltd was granted a license to construct the pipeline in Uganda on January 24, 2023. This followed the submission of the application for the license by EACOP Ltd on July 1, 2022.
- On February 21, 2023, the Energy and Water Utilities Regulatory Authority (EWURA) of Tanzania granted EACOP Ltd a construction permit to construct the pipeline in Tanzania.
- The Engineering, Procurement, and Construction Management (EPCM) activities for the EACOP project continue to be undertaken by Worley with its local subcontractors (ICS in Uganda and Norplan in Tanzania) in Uganda, Tanzania and London. #