

PETROLEUM IN NICARAGUA 2003

1. OIL CONCESSIONS IN NICARAGUA LACK NATIONAL CONSENSUS

With the Government hosted bidding official opening for the hydrocarbon exploration of a Nicaraguan territory, the National Institute of Energy was determined to lead the Concession process. These are six year exploration concessions, and involve a 23.976 Km² area, a little over 111 thousand 188 km predicted in the Caribbean and 37 thousand 297 in the Pacific. This way Nicaragua becomes the second country of Central America, after Guatemala adventuring itself into this type of concessions.

In the political context, such concessions have obtained international importance, given that the transborder conflicts with Honduras and Colombia have worsened. With Colombia because of San Andres y Providencia islands, and Roncadores and Quita Sueños Cays; today owned by Colombians. What has lead to deepen political conflicts between the two nations, with present claims as part of their territorial sea right; the media has highlighted this.

The Humboldt Centre, member of the Mesoamerica OilWatch Network (oil resistance network) in recent meetings with the ethnic communities and indigenous peoples (may 13 to 16), local-regional governments, and regional councils for both autonomous regions of the Nicaraguan Caribbean Coast, continental Pacific Ocean, the Continental Platform part of the Rivas Straight, where the concessions are being granted. Disagreeing with the bilateral manner in which negotiations have been developed between the government and oil companies.

Denying the consultation and participation instances, mandatory by the autonomy rights belong to the Caribbean Coast and the Nicaraguan Pacific Coast Municipalities.

This meeting arrived to the conclusion of maintaining the resolution emitted by the Autonomous Regional Council of the North Atlantic, that rejects the bidding process for the hydrocarbon exploration and development of the Caribbean Coast, given that these lack the approval from the communities, regional councils and the general civil society of the Caribbean coast, and are also ignoring the Autonomy Law, the Central Government again ignoring the communities and indigenous peoples, when a Indigenous Land Demarcation Law has just been approved, as well as development plans that oppose this type of projects.

The government will be demanded to respect what has been determined in the Political Constitution regarding the Indigenous Peoples Rights, and to declare a

moratorium to oil exploration and development in the whole country, as they have done in their territories. "We do not want any more Colonization and our natural resources given by God are for subsistence not to be harmed," as has been declared the Council of Elders.

We thus call on reflection, to our government to not act in a rush manner when taking this type of decision, that do not guarantee the conservation of our social, environmental and cultural wealth, therefore we demand that the Government emits the resolution of a Moratorium against oil concession sin Nicaragua, this way the development of a Nation by jeopardizing the natural resources and the rights of every Nicaraguan would be avoided. Therefore let's say Yes to the seek of a real Sustainable Development, NO TO OIL.

a) FACTS

Nicaragua is in the centre of the Central America straight; it borders at the north with Honduras, the South with Costa Rica, to the East with the Caribbean Sea, and to the West with the Pacific Ocean. The total continental territorial surface is 130.668 Km², including its lakes. The population is estimated in 5 million people. Among the main cities we find Managua, the capital of the Republic, Leon, Granada, Masaya, Rivas, Chinandega, Matagalpa, Jinotega, Bluefields, Puerto Cabezas, among others.

b) EXPLORATION

In Nicaragua there is not oil production yet. The oil exploration started in 1930 and until 1979 different international oil companies carried out exploration and drilling programs in the country's continental platforms which main exploration areas are the Miskito Basin and Perlas Basin offshore in the Atlantic, and the Sandino Basin offshore in the Pacific, with a total approximate area of 120.000Km². These program results show that commercial deposits could exist, given that both basins have widths over the 10.000 meters.

Nevertheless, before any confirmation of the existence of a commercial deposit, a more detailed prospection is required in strategic geologic spots.

c) CARIBBEAN MARGIN

The Caribbean Margin of Nicaragua includes the Miskito Basin, of the "pull apart" type, probably formed by an extension of the superior part of the cortical graben.

The occurred exploratory activities resulted in the acquisition of 25.000Km of 2D seismic lines, and the drilling of 24 exploratory offshore dwells, and 2 on shore dwells; oil exploration activities resumed in 1978.

The available seismic lines and the information of the dwell registers are satisfactory and allow the design of the margin structural and estratigraphic

characteristics, and confirm its hydrocarbon potential. A new seismic marine investigation conducted in May, 1999 by the Norwegian company Fugro-Geoteam allowed the identification of new structural and stratigraphic elements that weren't previously identified and consequently, the more precise localization of future drillings (Sub Basin of Wonta - Verolania - East Nica Ridge and San Juan).

d) PACIFIC COAST

The Nicaraguan Pacific Coast includes the so called Sandino Basin, a "fore arc" type basin, located in front of the Caribbean plaque of Nicaragua. This basin includes an area over 30.000 km² that includes the pacific Nicaraguan platform, and extends inland until the Nicaraguan depression, which becomes the northeast border and east of the basin. Several oil companies operated in this region, mainly in the platform.

Approximately 10.931 Km of marine seismic lines were lifted and 6 exploratory dwells were drilled, 4 offshore, and 2 inshore. The oil exploration campaign took place in the 1970 decade.

e) CARIBBEAN MARGIN

- 7, 713 km of 2D reprocessed marine seismic lines.
- Registers of 4 offshore drilled exploratory dwells.
- Evaluation Report of the Sandino Basin Potential(offshore pacific) carried out by the Norwegian firm GECO-PRAKLA.
- 1, 360 km of 2D marine seismic lines conducted in 1990.

f) BIDDING COMPANIES

The bidding companies are

- MKJ Exploracion
- Infinity
- Oklanicsa
- Helen Greathouse

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