

JEUNE AFRIQUE ÉCONOMIE

Woodside and Petrosen Quietly Negotiate Sangomar Phase 2 Amid ICSID Dispute

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Despite an ongoing arbitration case before the International Centre for Settlement of Investment Disputes (ICSID), Australian operator Woodside Energy and Senegalese national oil company Petrosen are conducting discreet negotiations over the future development of the Sangomar oil field — Senegal's first and flagship offshore oil project. The parallel track of litigation and negotiation signals that both parties recognise the commercial logic of expanding the field outweighs their current fiscal disagreements.

Sangomar Phase 1, which achieved first oil in mid-2024, currently produces at a plateau well below its technical ceiling. Phase 2 discussions centre on scaling production to approximately 150,000 barrels per day, a substantial uplift that would require significant new subsea infrastructure, additional wells, and potentially expanded topside processing capacity on the existing FPSO. The ambition reflects the underlying reservoir potential that Woodside has consistently cited since the original discovery, and positions Sangomar as a mid-scale but strategically important West African producer.

The fiscal dispute at the heart of the ICSID case relates to Senegal's post-election government review of hydrocarbon contracts initiated in early 2024, which questioned the terms agreed under the previous administration. President Bassirou Diomaye Faye's government has signalled intent to renegotiate what it characterises as unfavourable revenue-sharing arrangements. That Woodside is simultaneously

pursuing arbitration and engaging in Phase 2 talks is consistent with the operator's stated strategy of protecting existing rights while keeping future development options open — a pragmatic stance common among international oil companies operating in politically transitional environments.

For the broader Senegalese energy sector, the outcome of the Sangomar 2 negotiations carries weight beyond a single project. A successful agreement would validate the country's investment framework at a critical moment, as the BP-operated GTA LNG project on the Mauritanian border is also navigating commercial and governmental complexity. Together, these two projects represent the bulk of Senegal's hydrocarbon ambitions and the bulk of the service and supply opportunity for international contractors in the country over the next decade.

Timelines for a final investment decision on Phase 2 have not been publicly confirmed, and the resolution — or escalation — of the ICSID dispute will likely be a precondition for Woodside committing fresh capital. Industry observers note that a negotiated settlement remains more probable than a protracted legal battle, given both parties' financial exposure and the reputational stakes for Senegal as it seeks to attract further offshore investment.

Why this matters to partners and clients of Saga

A Phase 2 FID at Sangomar would trigger a substantial new tender cycle for subsea tiebacks, additional FPSO modifications, and drilling services — all segments where Norwegian contractors have established track records in West Africa. Companies currently involved in Phase 1 supply chains should begin positioning for expanded scopes now, while those not yet engaged should monitor the ICSID resolution as the clearest indicator of FID timing. The negotiation outcome will also shape the risk appetite of Norwegian firms considering Senegal for longer-term service agreements.

PARTNER ANGLES

- **Subsea:** Phase 2 expansion to 150,000 bpd will require additional subsea tieback infrastructure and flowlines, creating direct bid opportunities for Norwegian subsea contractors already familiar with the Sangomar field architecture.

- **FPSO:** Increased plateau production may necessitate topside processing upgrades or a second FPSO unit, a scope where Norwegian FPSO engineering and conversion specialists can offer early-stage consultancy and FEED support.
- **Drilling:** Expanding Sangomar's well count to support higher production targets will require a sustained drilling campaign, presenting opportunities for Norwegian drilling contractors and well services companies operating in West Africa.
- **Service:** Norwegian integrity management and subsea inspection firms should engage Woodside's Senegal procurement teams now, as Phase 2 planning typically locks in long-term service contracts ahead of formal FID.
- **Pipeline:** New infield pipeline infrastructure connecting Phase 2 well clusters to the FPSO will be required, a scope relevant to Norwegian pipeline engineering and installation contractors with deepwater West Africa experience.

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