

Ghana's oil production is collapsing not rising

It was very puzzling to see a [flurry of press reports](#) all over claiming that Ghana is seeing an uptick in oil production for the first time in 5 years, and, even worse, to see this [claim attributed to PIAC](#), Ghana's multistakeholder watchdog in the oil and gas sector.

Everyone who follows petroleum issues in Ghana know that the contrary is true. [Oil production has been collapsing](#) precipitously, when the full picture is taken into account.

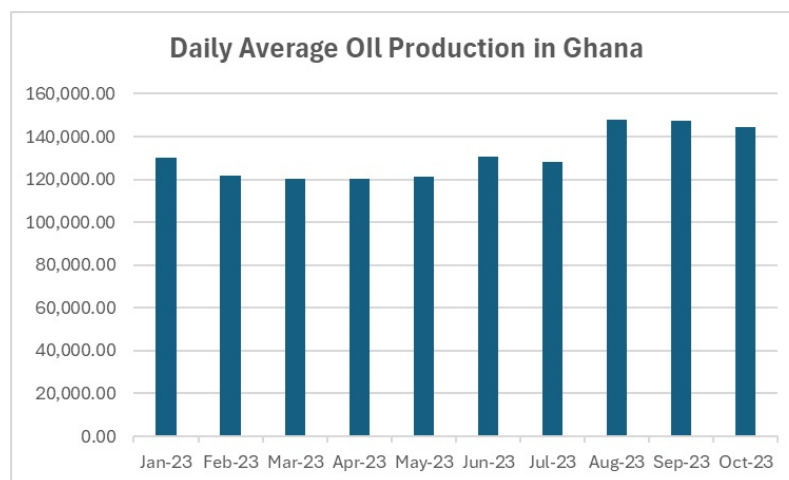
PIAC itself has [bemoaned this situation](#), and has been talking about how urgent it is for [measures to be introduced to stem the slide](#), which it puts at 9.2% per year.

Then the organisation [unveils a new chairman](#), and suddenly all is Nirvana? Totally befuddling. So, I decided to dig into what could be going on. It turns out that what we have on our hands is a misleading interpretation of data.

Between **January and June** 2024, oil production in Ghana averaged about **136,500 barrels** a day. Compared to the **124,000 barrels** of oil per day that got produced on average in 2023, this amounted to about a 10% uptick.

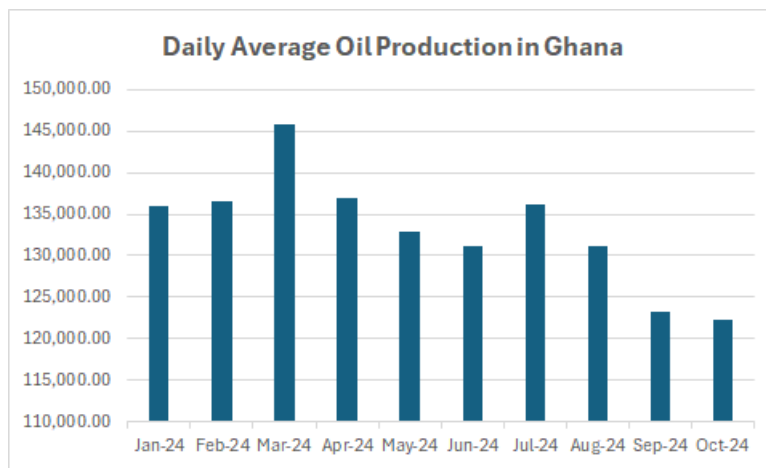
Note, however, that this comparison of H1 2023 and H1 2024 is totally pointless because we are deep into November 2024. Moreover, the choice of comparative periods here is totally arbitrary.

When we look at the oil production rate for the first three quarters in 2023 using figures from Ghana's principal upstream regulator, the Petroleum Commission, it is easy to see a small uptick from the 3rd quarter onwards.



The cause of the marginal rise is the drilling of new wells inside Jubilee field, one of the country's three producing oil fields, at [the cost of a billion dollars](#) and activating them [from July 2023 onwards](#). The ramp-up however plateaus quickly, as is very clear in the graph above.

The J-69 well finally comes onstream in February 2024 and production surges again, but then it peaks in March. Thereafter, things start to go downhill and production regresses to the situation prevailing in January 2023 before the activation of the new wells.

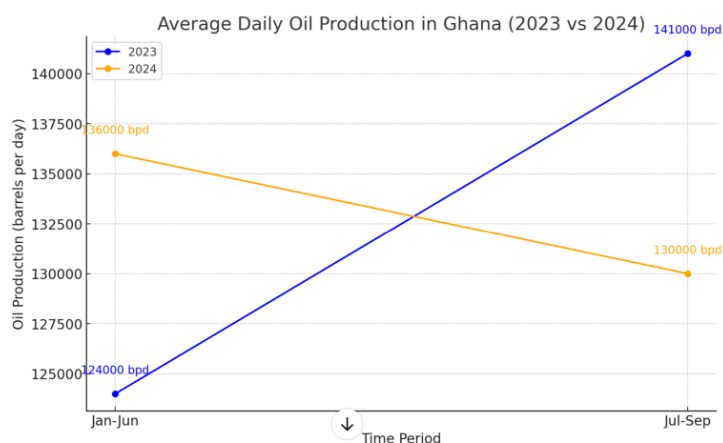


Tullow itself has had to admit that engineering failures and geophysical glitches are preventing pressure communication around J-69, leading to serious underperformance. In September 2024, output in the Jubilee field was ~84,000 barrels per day on average. In the same period in 2023, average output per day had been over 100,000 barrels, a whopping 14% drop. Essentially, Tullow has spent a billion dollars on oil field enhancements only to produce less oil.

Tullow's [planned drilling campaign](#) set to end in late 2024 was abruptly terminated. The company described it as having been completed "[six months ahead of schedule](#)". Just about the time of that announcement, the country manager [left the company](#).

It is therefore mind-boggling for PIAC to create the impression that the activation of the Jubilee South East wells has somehow engendered a reversal of oil production decline in Ghana. This is manifestly untrue, and I don't believe that PIAC in anyway wants to create such an impression deliberately.

The use of H1 2023 data to benchmark H1 2024 production levels for the purpose of suggesting a reversal of decline is misleading to the extent that more recent data is available that shows that the brief respite provided by J-69 has ended. You only need to compare the 3rd quarter of 2024 with the same period in 2023 to confirm this point.



As the above graph crudely, but very clearly, shows, **there has been an 8.3% fall in oil production in the 3rd quarter of 2024 compared to the 3rd quarter of 2023.** In terms of figures, that is a drop from 141,000 barrels on an average day to 130,000 barrels per day.

At any rate, perhaps even more importantly, in 2022, average daily production of oil exceeded 160,000 barrels (which itself is considerably lower than the 196,000 barrels clocked in 2019). The figure in the last two months has averaged just a little above 122,000 barrels. That is a literal 25% drop in output over a two-year period. The fall is steeper if one considers not just "barrels of oil" but "barrels of oil equivalent", which would cover, in addition to oil, natural gas (and its liquids).

Three products account for more than 80% of the value of all of Ghana's exports: gold, cocoa and oil. Cocoa, as everyone knows, is in the doldrums. Oil is seeing an early onset of oblivion. That leaves gold, which is heavily plagued [by issues all too familiar to all of us](#). The fiscal Armageddon bearing down upon Ghana is being obscured by historically high prices on the international market for these commodities.

But if history has anything to teach, it is that commodity price hikes are completely unreliable. Ghana needs to prepare for the *lean season* ahead. Distorting the real picture keeps the country from the reckoning that must be had.