

Angola Oil & Gas Upstream Market Analysis

The Angola Oil and Gas Upstream Market is expected to register a CAGR of greater than 1.5% during the forecast period.

Angola's oil and gas upstream sector has witnessed substantial investment growth, with the National Oil, Gas, and Biofuels Agency (ANPG) reporting a remarkable 96% increase in investments between 2022 and 2023, accumulating almost USD 50 billion over the last five years. This momentum is expected to continue with planned investments of approximately USD 71 billion over the next five years, demonstrating strong investor confidence in the sector. The country's strategic focus on expanding its hydrocarbon infrastructure has attracted significant international attention, particularly in offshore oil and gas developments. The sector's robust growth is further evidenced by the country's substantial natural gas reserves, estimated at 10.6 trillion cubic feet as of 2023, presenting significant opportunities for diversification and expansion.

The industry landscape is experiencing a transformation through strategic partnerships and technological advancement. In September 2023, Sapura Energy secured a significant offshore platform transportation and installation contract worth USD 300 million with Azule Energy for the Angola Northern Gas Complex Project. This development is complemented by Azule Energy's announcement in October 2023 to increase oil and gas production by approximately 14% to 250,000 barrels per day by 2026. These developments showcase the industry's commitment to modernization and capacity enhancement, with a particular focus on offshore oil and gas infrastructure development.

The exploration and production landscape has seen significant activity, with multiple companies expanding their operational footprint. In January 2024, Afentra provided strategic updates on its development plans for Block 3/05A offshore Angola, while Somoil's agreement with TotalEnergies and Inpex to acquire ownership in two deepwater blocks demonstrates the ongoing consolidation and expansion in the sector. The industry is witnessing a shift toward more efficient and technologically advanced oil and gas exploration methods, particularly in deepwater operations, which constitute a significant portion of Angola's upstream activities.

The sector's operational dynamics are evolving with an increased focus on well drilling activities and production optimization. As of early 2024, Angola has announced plans to drill 43 wells, representing a 16% increase from the 37 wells drilled in 2023. Current production levels stand at 1.1 million barrels per day, with targeted growth to 1.2 million barrels per day, reflecting the industry's expansion trajectory. This growth is supported by significant technological advancements in drilling and exploration techniques, particularly in offshore operations where most of Angola's oil and gas assets are located. The integration of upstream technology is pivotal in achieving these objectives, ensuring enhanced efficiency and productivity in the sector.

Angola Oil & Gas Upstream Market Trends

Government Focus on Developing Oil and Gas Assets

The Angolan government has demonstrated a strong commitment to developing its oil and gas exploration and production assets through strategic initiatives and policy reforms. A cornerstone of this commitment is the Angolan Hydrocarbon Exploration Strategy 2020-2025, which aims to incentivize reserve replacement and mitigate production decline. The strategy encompasses four fundamental pillars focused on expanding geological knowledge, evaluating new blocks, and intensifying research across concessions. The government has estimated a total investment of USD 867 million for this strategy, comprising USD 679 million for geological data acquisition and USD 188 million for studies through ANPG's budget. This comprehensive approach includes plans to evaluate 33 blocks by 2024, with 10 blocks in the Baixo Congo Basin, 19 in the Kwanza Basin, and four in the Benguela Basin, demonstrating the government's systematic approach to resource development.

Recent developments highlight the effectiveness of these government initiatives in attracting investments and fostering industry growth. In February 2024, the National Oil, Gas, and Biofuels Agency (ANPG) announced that investment in Angola's oil and gas exploration and production sector increased by 96% between 2022 and 2023, with investments of almost USD 50 billion recorded over the last five years. Looking ahead, investments of around USD 71 billion are planned for the next five years. The government's commitment is further evidenced by recent project developments, such as Sapura Energy

securing a USD 300 million offshore platform transportation and installation contract with Azule Energy in September 2023 for the Angola Northern Gas Complex Project. Additionally, in March 2024, Angola's Secretary of State for Oil and Gas outlined plans to maintain and increase oil production beyond 1.18 million barrels per day while positioning the gas sector to account for 25% of the country's energy needs by 2025. These efforts underscore the importance of upstream services and upstream technology in achieving Angola's energy goals.

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Segment Analysis: Activity

Completion and Production Segment in Angola Oil and Gas Upstream Market

The Completion and Production segment dominates the Angola Oil and Gas Upstream Market, commanding approximately 44% of the total market share in 2024. This segment's prominence is driven by significant developments in offshore projects and increased oil and gas production activities across major oil fields. For instance, in March 2023, Azule Energy awarded contracts worth approximately USD 7.8 billion for the Agogo Integrated West Hub Project in Block 15/06 offshore Angola, which involves 36 new wells, including 21 producers and 15 injectors. The segment's strength is further reinforced by Angola's position as the third leading oil producer in Africa, with production reaching 57.9 million metric tons in 2022. Additionally, the National Oil, Gas, and Biofuels Agency (ANPG) announced substantial investments of USD 71 billion planned over the next five years, with 43 oil wells scheduled for drilling in 2024, indicating continued robust activity in oil and gas well completion operations.

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Drilling Segment in Angola Oil and Gas Upstream Market

The Drilling segment is emerging as the fastest-growing segment in the Angola Oil and Gas Upstream Market, projected to grow at approximately 3.4% CAGR from 2024 to 2029. This growth is supported by increasing well drilling activities both onshore and offshore. In September 2023, Sonangol initiated drilling of its first onshore oil well in Luanda, marking a significant milestone in the Kwanza Onshore Basin after a 27-year hiatus. The segment's growth is further bolstered by ExxonMobil's commitment to invest USD 200 million in drilling Angola's first offshore frontier exploration well in the coming years. The rise in active rig counts, from six rigs in 2021 to nine offshore rigs in 2023, demonstrates the expanding drilling activities. Moreover, the announcement of 43 planned wells for 2024, representing a significant increase from the previous year, indicates sustained momentum in well drilling operations.

Remaining Segments in Activity Segmentation

The Exploration and Other Activities segments complete the market structure, each playing vital roles in Angola's upstream oil and gas sector. The Exploration segment focuses on identifying new oil and gas reserves through advanced geological surveys and seismic exploration studies, particularly in offshore

areas. Recent developments include Sapura Energy securing an offshore platform transportation and installation contract with Azule Energy and significant exploration activities in deepwater blocks. The Other Activities segment encompasses various support services such as well intervention, maintenance, and technical services, which are crucial for maintaining operational efficiency and ensuring sustainable production. These segments continue to evolve with technological advancements and increasing focus on operational efficiency across Angola's oil and gas value chain.

Segment Analysis: Location of Deployment

Offshore Segment in Angola Oil and Gas Upstream Market

The offshore oil and gas segment dominates the Angola Oil and Gas Upstream Market, commanding approximately 99% of the total market share in 2024, equivalent to USD 4.078 billion. This segment's dominance is primarily attributed to Angola's substantial offshore oil and gas reserves, particularly in prolific basins such as Block 17, Block 15, and Block 32. Major developments in 2023-2024 have reinforced this segment's leadership position, including Azule Energy's USD 7.8 billion contract awards for the Agogo Integrated West Hub project in Block 15/06, which involves drilling 36 new wells and installing extensive subsea production infrastructure. The segment is also witnessing significant growth momentum, projected to expand at a rate of nearly 3% from 2024 to 2029, driven by continued investments in deepwater exploration and production activities. Recent strategic partnerships and acquisitions, such as Somoil's agreement with TotalEnergies and Inpex for deepwater blocks ownership, and KCA Deutag's USD 60 million contract extension for offshore platform services, further underscore the segment's robust growth trajectory.

Onshore Segment in Angola Oil and Gas Upstream Market

The onshore oil and gas segment represents a smaller but strategically important component of Angola's oil and gas upstream market, focusing on land-based exploration and production activities. This segment has gained renewed attention with Sonangol's initiation of drilling operations in the Kwanza Onshore Basin, marking the first onshore oil well drilling in Luanda as part of its production strategy for 2027. The segment's development is supported by

significant estimated reserves, with the Kwanza Onshore Basin's Block KON-11 alone containing approximately 66 million barrels of light oil at depths of around 750 meters. Recent activities include the advancement of drilling programs in the Cabo Ledo region and increased focus on onshore exploration blocks through various licensing rounds. The segment's growth is further bolstered by government initiatives to diversify production locations and enhance energy security through the development of onshore resources.

Angola Oil & Gas Upstream Industry Overview

Top Companies in Angola Oil and Gas Upstream Market

The Angola oil and gas upstream market features prominent global energy majors, including TotalEnergies, ExxonMobil, BP, Eni, Chevron, and the state-owned Sonangol, alongside emerging players like Azule Energy. These companies are driving innovation through advanced seismic imaging technologies, digital oilfield solutions, and automated drilling systems to optimize exploration and production activities. Strategic partnerships and joint ventures have become increasingly common, exemplified by the formation of Azule Energy between BP and Eni, enabling companies to share risks and leverage complementary capabilities. Companies are expanding their footprint through participation in licensing rounds and acquisition of new blocks, particularly in deepwater areas. Operational agility is demonstrated through the implementation of real-time monitoring systems, enhanced maintenance protocols, and the adoption of cutting-edge technologies for oil spill detection and management. Additionally, these companies are investing in upstream technology to further enhance their exploration and production capabilities.

Market Dominated by International Oil Majors

The Angola oil and gas upstream market exhibits a relatively concentrated structure dominated by international oil majors with significant technical expertise and financial resources. These companies operate alongside the national oil company Sonangol, which plays a crucial role in partnerships and maintains strategic interests across various blocks. The market has witnessed considerable consolidation through joint ventures and strategic partnerships, particularly in capital-intensive deepwater projects. The formation of Azule

Energy represents a significant consolidation trend, combining BP and Eni's Angolan businesses to create the country's largest independent equity producer.

Recent years have seen increased merger and acquisition activity, with companies strategically acquiring stakes in promising blocks to strengthen their portfolios and maintain competitive positions. The entry of new players and the government's emphasis on local content development have gradually diversified the competitive landscape. International oil companies are increasingly partnering with local entities to enhance operational efficiency and meet regulatory requirements, while also investing in capacity building and technology transfer initiatives to support the development of domestic capabilities. The integration of upstream services and oil field services is becoming crucial for maintaining competitive advantages in this evolving market.

Innovation and Partnerships Drive Future Success

Success in Angola's upstream sector increasingly depends on companies' ability to leverage technological innovations and form strategic partnerships. Incumbent players must focus on optimizing their existing assets through digital transformation initiatives, while also expanding their exploration portfolios through participation in new licensing rounds. The implementation of advanced drilling technologies, improved reservoir management techniques, and enhanced oil recovery methods will be crucial for maintaining competitive advantages. Companies must also demonstrate strong environmental stewardship and commitment to sustainable practices to maintain their social license to operate.

For emerging players and contenders, success will require building strong relationships with established operators and the national oil company, while also developing specialized technical capabilities in specific market segments. The ability to navigate regulatory requirements, particularly regarding local content and environmental protection, will be increasingly important. Companies must also consider the growing emphasis on natural gas development and the potential impact of energy transition policies on long-term investment decisions. The concentration of end-users in the form of major refineries and export markets necessitates robust marketing strategies and

reliable production capabilities, while the relatively low substitution risk in the upstream sector is balanced by the need to maintain cost competitiveness in a volatile price environment. Furthermore, investment in upstream equipment and upstream technology is essential for optimizing production processes and ensuring sustainable growth in the sector.

Angola Oil & Gas Upstream Market Leaders

1. ExxonMobil Corporation
2. TotalEnergies SE
3. Eni SpA
4. BP Plc
5. Chevron Corporation
6. *Disclaimer: Major Players sorted in no particular order