DUBAI, Feb 24, 2005 (Dow Jones) -- The soon-to-be-formed southern Sudanese government will respect White Nile Ltd's (WNL.LN) contract to explore for oil in southern Sudan , while Total's (TOT) claim to the same block is invalid and won't stand up in court, a senior official asserted late Thursday.

Samson Kwaje, a spokesman for the Sudanese People's Liberation Movement, said the former rebel group had signed the deal with White Nile in August last year for a concession area under the SPLM's military and administrative control.

"After that, Total went to Khartoum to get the same deal," he told Dow Jones Newswires in a phone interview from Nairobi, Kenya.

The SPLM signed a peace protocol with the government of Sudan in January 2004, starting a process that would end two decades of civil war. The agreement ushers in a six-year interim ceasefire period, with the North and South sharing oil revenues while a regional government in the south will wield considerable autonomy, beginning in May.The Kwaje said the SPLM can legally sign oil contracts, validating the White Nile deal.

"Our interpretation of the peace agreement is that existing contracts shall be respected," said Kwaje, as the authority for signing contracts depends on areas of control. "So if White Nile negotiated with the SPLM over an area under the SPLM's control, that agreement should be respected."

The peace agreement, which ended a bloody conflict that pitted the Arab Muslim north against the black African south, says oil contracts signed before Jan. 9 aren't subject to renegotiation.

Total SA, along with partners Marathon (MRO) and Kuwait Petroleum Corp's (KPT.YY) foreign upstream arm, in December revived the firm's long-dormant 1980 production sharing agreement with Khartoum for Block B, a 110,000 square kilometer area in southern Sudan with huge potential.

White Nile has said it has a 60% stake in Block Ba, which covers more than half of Total's acreage in an area extending across several southern states, including the interim administrative capital of the South Sudan government in Rumbek. Kwaje didn't confirm details of the financial arrangement with White Nile, whose shares are suspended on London's AIM pending further information on this deal after a thirteen-fold rise last week.

The northern government and lawyers argue that Total's agreement is an existing contract, as it revived a standing agreement with the sovereign government of Sudan .

"White Nile's deal goes against the letter and spirit of the peace agreement," said Abdulrahman Elkhalifa, a Khartoum University legal professor who helped the government draft the peace agreement.

Diplomats and analysts say that the peace agreement isn't detailed enough to adjudicate clearly on this case, which will probably go to court or international arbitration.

The SPLM isn't concerned about the prospect of legal action in this case, even against an oil giant such as Total.

"Even under arbitration, Total will lose," he said. "Why should Khartoum be able to mortgage the whole of the South? Total will lose totally."

The SPLM is angry at the conduct of Total and its partner, Khartoum.

Kwaje said Total turned to the northern authorities when it realized that the putative southern government had signed a deal with White Nile, a firm founded by former England cricketer Phil Edmonds and mining entrepreneur Andrew Gowers.

"We accuse Total of bias - they ran to Khartoum after they knew the facts," he said. "Why should Khartoum sign (with Total) in December 2004, after knowing we had signed with White Nile."

Kwaje said the SPLM won't contest oil contracts where the government is in control; for example, the areas around the town of Bentui, where firms such as China National Petroleum Corp. and Petronas pump most of Sudan 's current output of about 350,000 barrels a day.

"Khartoum shouldn't dispute contracts under our control," he added.

Sudan's oil minister, who denies White Nile's right to Total's block, has said the peace agreement calls on all oil deals to pass through the central government.