As north and south Sudan prepare to start talks next week on how to divide and fairly manage their oil wealth -- a vital revenue source and a cause of mistrust -- analysts say cooperation, not conflict, may prevail.
"Oil is a force for good in Sudan for two reasons," says Egbert Wesselink, who runs the European Coalition on Oil in Sudan. "Both sides can make money if they cooperate, which the south, in particular, desperately needs. But it's also a mutual deterrent."
More than in any other sector, north and south depend heavily on each other for the smooth running of the oil industry, which accounts for an estimated 40 percent of Khartoum's income and more than 95 percent of Juba's earnings.
Sudan currently produces 470,000 barrels per day of oil. Of that, 75 percent of that is pumped from the south, which is due to split from the north in July following last month's independence referendum.
While most of the oil lies in the south, the industry has traditionally been managed from Khartoum. All the key infrastructure -- including pipelines, central production facilities, the main oil refinery and only export terminal -- is located in the north.
Control of the country's oil fields played an important role in the 22-year conflict between north and south Sudan, and oil is now one of the key outstanding issues that Juba has to resolve with its former civil-war enemy before July.
But Wessselink says any possible threat by Khartoum to prevent the south from using its pipelines, and thereby block its only export, could backfire.
"The north could say, 'we'll cut your pipelines if you are not good to us.' But the south could say the same. From Abyei to the Fula field (in the north) is less than a one day drive, and without Fula, which supplies its refinery, Khartoum has no petrol."
A greater share of oil receipts for the south will be central to the discussions when the two sides meet in Addis Ababa on March 1. Observers expect Khartoum to ask the south to pay more for the use of its infrastructure, to compensate for the loss of much-needed revenue.
In addition, the north hopes to boost its own production through an active drilling programme this year. It aims to raise output to nearly 200,000 bpd by the end of 2012 from around 125,000 bpd now.
The chairman of the north's state-owned oil company Sudapet, Salah Wahbi, said 200 to 250 wells would be drilled this year throughout Sudan, which could add up to 100 million barrels of oil to the country's existing reserves of around 6 billion.
Discoveries in the north are expected in Darfur, in nearby Block 6, and around Khartoum, and the country's oil minister claimed last month that the north could reach 500,000 bpd in three to four years.
But economic sanctions have heavily restricted foreign investment in Sudan's oil sector and hampered its ability to raise output. The country's older oil fields are experiencing a sharp rate of decline, and experts are highly sceptical about Sudan's bullish production forecasts.
"Sudan can increase its production only if it makes some new discoveries," said Mohammed Zine, at IHS Energy, adding that the ministry was trying to intensify exploration activity.
Even the more optimistic Sudanese analysts admit that, while Sudan's oil industry has managed without Western companies, money is needed.
"There will definitely be an increase in production in the north. It would be better if Western companies were helping with that. But since they are not, Gulf and Asian firms will do the job," said Sudanese oil consultant Magdi Hassan.
"You could easily have a significant discovery in Block B, which is the size of a country. But exploration there needs big investment," he added.
Qatar Petroleum is in the final stage of talks with French oil major Total about joining the consortium that operates Block B, a concession northeast of Juba that covers 120,000 square kilometres, and drilling could start in April, according to the ministry.
Senior officials within south Sudan's ex-rebel Sudan People's Liberation Movement restated their intention last week to examine alternative oil export routes, including via Kenya, if any new discoveries were made, so as to break their reliance on the north's infrastructure.
But here too, experts say, practical considerations are likely to trump any decisions that might rekindle old animosities.
"It is a cherished ambition within the SPLM for obvious reasons ... My guess is that it won't happen unless Total find a lot of oil," said Wesselink.
Magdi Hassan argues that former prejudices are giving way to more rational positions, especially with looming independence for the south.
"Now they are a state and they have got responsibility towards their people. And the bitterness that some people in the south are feeling because of the fighting, this is not coming between us now. We have to be practical."