



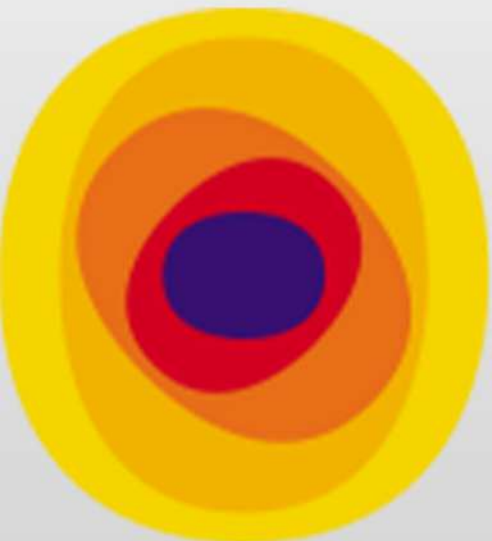
NIGERIA ONE

NEWSLETTER

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Agip



Oando

AGIP NIGERIA ASSET ACQUIRED BY OANDO

Oando Energy has secured an agreement with Eni, the Italian multinational, to acquire its Nigerian exploration and production subsidiary.

The exact financial details of the deal have not been made public.

The subsidiary being transferred is Nigerian Agip Oil Company (NAOC), which holds a prominent position in Nigeria's energy sector. NAOC specializes in onshore oil and gas operations as well as power generation. NAOC has investments in four onshore blocks and two onshore exploration leases in Nigeria. Additionally, it oversees the operations of two power plants within the country. It is important to mention that Eni intends to retain its 5 percent ownership stake in the Shell Production Development Company, which is a joint venture with Shell.

Eni has explicitly stated that this decision should not be interpreted as a complete withdrawal from the Nigerian energy sector as when this transaction is completed it hinges on obtaining the requisite approvals from local and regulatory authorities, as per customary procedure.

As per the information disclosed in a statement submitted to the Nigerian stock exchange, the finalization of the transaction is contingent upon obtaining ministerial consent and fulfilling all necessary regulatory requirements.

Furthermore, this transaction serves to enhance Oando's existing participating interests in oil mining leases (OMLs) 60, 61, 62, and 63, elevating their stake from 20 percent to 40 percent. The oil firm said the transaction also bolsters its ownership stake in all "NNPC Exploration and Production Limited (NEPL)/NAOC/OOL" joint venture assets and infrastructure.

According to the statement, the assets consist of several components. These include a total of 40 oil and gas fields, with 24 of them currently in production. Additionally, there are approximately 40 prospects and leads that have been identified for future exploration and development. The assets also encompass 12 production stations and a network of pipelines spanning approximately 1,490 kilometers.

In addition to the aforementioned components, there are three gas processing plants included in the assets. These plants are the Brass River oil terminal, as well as the Kwale-Okpai phases 1 and 2 power plants. Collectively, these power plants have a nameplate capacity of 960 megawatts. Furthermore, the assets include associated infrastructure that supports the operations of these facilities.

Based on 2021 reserves estimates, Oando's total reserves stand at 503.3MMboe and the transaction will deliver a 98 percent increase," the statement reads.

ILLEGAL OIL CONNECTION SITE UNCOVERED IN ABIA STATE



A delegation was dispatched to the Niger Delta by President Bola Tinubu to assess the situation of oil theft. On Saturday, they uncovered an illicit oil connection.

According to the Nigerian National Petroleum Company Ltd, the illegal connection found in Owaza, Abia State, results in a monthly loss of approximately \$7.2 million for Nigeria. This information was disclosed on Sunday.

The team observed that the presence of covert refineries, illicit bunkering activities, and the resulting environmental destruction resulted in significant economic setbacks for the country. The delegation, headed by Minister of Defense Muhammed Badaru, consisted of service chiefs and Minister of State for Petroleum Resources (Oil), Heineken Lokpobiri. Other members are the Minister of State for Petroleum Resources (Gas), Ekperipe Ekpo, the National Security Adviser, Nuhu Ribadu, and the Group Chief Executive Officer, NNPC Ltd, Mele Kyari.

The collective findings of the team revealed that the clandestine refineries, illegal bunkering operations, and the subsequent environmental devastation had a profound impact on the nation's economy, resulting in severe financial losses which is indeed not good for the Nation's economics well being.

According to Mr Kyari, while oil theft in vessels could be tracked, oil-bearing communities must play a vital role in curbing oil theft within their communities.

"Oil theft is one of the reasons why Nigeria cannot meet her OPEC daily production quota," he said.

Patrick Godwin, the Chief Security Officer of Pipeline Infrastructure Nigeria Ltd, also addressed the crowd, mentioning that several arrests had been made and the individuals responsible had been brought to court.

Expressing his appreciation, Mr. Ribadu commended the efforts of security agencies, community security contractors, and NNPC Ltd for their intensified campaign against oil theft and economic sabotage. In his words "The environment and livelihoods are being destroyed while the federation is deprived of revenue capable of shoring up the economy and strengthening the naira".

ILLEGAL OIL REFINING SITES DESTROYED BY NIGERIAN ARMY



In the Niger Delta, the Nigerian military has conducted recent operations to combat illegal oil trade, resulting in the dismantling of 36 illegal refining sites and the apprehension of 22 individuals suspected of engaging in oil theft. The Defense Headquarters spokesperson informed local media that the operation yielded significant outcomes, including the retrieval of 310,700 liters of crude oil, 14,675 liters of Automotive Gas Oil, 49,000 liters of Dual Purpose kerosene, as well as various weapons. According to the reports given to news men on July 24, military forces intercepted and eliminated a wooden boat carrying 1000 liters of a substance believed to be stolen crude oil at Wellhead Cluster Opukushi Community in Ekeremor Local Government Area of Bayelsa State.

Quite recently, Mele Kyari, the CEO of Nigerian National Petroleum Company Limited (NNPCGROUP), disclosed that Nigeria experienced a significant loss in oil production at the renowned oil hub, Bonny. This particular location serves as the namesake for Nigeria's esteemed oil grade, Bonny Light. Bonny Light, a high-quality and sweet crude oil grade extracted in Nigeria, holds significant importance as a benchmark for West African crude production. It is highly sought after by U.S. refiners, particularly those located on the East Coast, due to its excellent gasoline yields. While the exact figures are often approximations, both the Nigerian National Petroleum Company Limited (NNPCL) and the Ministry of Petroleum have provided estimates indicating a daily theft of barrels ranging from 200,000 to 400,000. In May, Nigeria emerged as Africa's leading oil producer, achieving a daily production rate of 1.184 million barrels per day (bpd). This surpassed the production levels of other prominent African nations such as Libya (1.158 million bpd), Angola (1.111 million bpd), and Algeria (962,000 bpd).

Regrettably, the issue of widespread oil theft extends beyond the borders of Nigeria. Many developing countries face the challenge of oil smuggling, where armed groups unlawfully extract and sell oil. Libya, for instance, suffers significant financial losses due to oil smuggling, amounting to an estimated \$750 million annually, which accounts for approximately 3% of its GDP. Mustafa Sanalla, a prominent figure in Libya's oil industry, has raised concerns about this matter.

INDUSTRIAL GAS PARKS TO BE READY BY 2024



The Nigerian Content Development and Monitoring Board (NCDMB) is responsible for promoting the development and utilization of local content in the country's oil and gas industry. The board aims to increase the participation of Nigerian companies and citizens in the sector, thereby creating jobs, enhancing skills development, and promoting economic growth. According to Mr. Simbi Wabote, the Chief Executive of the NCDMB, this growth in local content is a positive indication of progress in the Nigerian oil and gas sector. The increase in local content participation demonstrates the success of the board's efforts in encouraging indigenous companies to play a more significant role in the industry. The rise from 26 percent to 54 percent over a five-year period signifies a significant improvement in the localization of the oil and gas sector. This increase can be attributed to various factors, including government policies, regulatory frameworks, capacity building initiatives, and the active involvement of Nigerian companies in the sector.

At the annual Nigerian Oil and Gas (NOG) Energy Week, where Mr. Wabote made this announcement, is a platform that brings together industry stakeholders to discuss and showcase developments in the sector. The event provides an opportunity for networking, knowledge sharing, and fostering partnerships to further drive the growth of the Nigerian oil and gas industry.

The growth in local content is beneficial for Nigeria as it contributes to the country's economic diversification, reduces reliance on foreign expertise and imports, and creates employment opportunities for Nigerians. It also enhances the transfer of technology and knowledge, boosts local entrepreneurship, and stimulates the development of ancillary industries.

The Nigerian government and the NCDMB are expected to continue their efforts to further increase local content in the oil and gas sector. This includes implementing policies and initiatives that promote local participation, providing support for capacity building, and fostering collaboration between local and international companies operating in Nigeria.

At the event themed: "Powering Nigeria's Sustainable Energy Future", Mr Wabote stated that the organization has given effect to the provisions of the law by launching the 10-year strategic roadmap in 2018 to drive the attainment of 70 per cent Nigerian content in the Nigerian oil and gas industry by 2027.

In June 2023, Wabote revealed that the NCDMB possessed a total of 290,000 individual records, 10,400 service company records, 107 operator company records, and approximately 600 Marine Vessel records stored within the board's Joint Qualification System (JQS) portal. In light of the manufacturing challenges that have been identified, the board is actively offering support to local businesses. As part of this effort, they are undertaking the development of industrial gas parks to establish contemporary infrastructure that will facilitate domestic manufacturing. "The industrial parks are at various stages of development in seven states namely: Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, and Ondo states" "The NOGAPS Industrial Parks at Odukpani in Cross River state and the one at Emeyal-1 in Bayelsa state are both at advanced stages of completion and will commence operations in 2024. We have commenced allocation of manufacturing shopfloors and services plots to qualified applicants," he disclosed.



NIGERIA STILL LOSSES LARGE AMOUNT OF OIL DAILY



Malam Nuhu Ribadu, the National Security Adviser, reports that Nigeria continues to lose 400,000 barrels of crude oil per day to both local and international thieves. Despite ongoing efforts to combat the issue.

Ribadu confirmed this disheartening reality during a presidential delegation's visit to assess the state of oil and gas facilities in Owaza, Abia, and Odogwa, Etche Local Government Area in Rivers on Saturday. He expressed that the actions of oil thieves and pipeline vandals have had a detrimental effect on the economy of the nation and have contributed to the increasing cost of living in the country.

"It is regrettable that a small number of individuals choose to steal our shared resources, resulting in incredible losses for the nation, communities, and the people involved."

He said the activities of oil thieves and pipeline vandals had impacted negatively on the nation's economy and were partly responsible for the rising cost of living in the country.

"Nigeria has the capacity to produce 2 million barrels of crude daily, but we are currently producing less than 1.6 million barrels due to theft and vandalism of pipelines.

“So, we are talking about 400,000 barrels of crude oil going to waste with few criminals and economic saboteurs not even getting much out of it,” He also said the operators of artisanal refineries collect a small quantity of crude oil when they break the pipelines while larger volumes of oil are spilled on the environment.

"The value of 400,000 barrels of oil today is about 4 million dollars, and every day, we lose this amount because of this irresponsible behaviour"

Currently, the country is in desperate need of money as the Naira is continuously losing its value because less money is earned.

The NSA said that President Bola Tinubu’s administration was concerned about the development and was already taking actionable steps to address the matter.

Ribadu's call for a united front is an appeal for various stakeholders, including the government, law enforcement agencies, local communities, and international partners, to work together in combating oil theft and protecting Nigeria's oil and gas infrastructure. He recognizes that addressing these issues requires a comprehensive and coordinated approach, rather than relying solely on the efforts of individual entities.

By emphasizing the need for a united front, Ribadu likely intends to promote collaboration, information sharing, and joint operations among relevant entities. This approach can enhance intelligence gathering, improve security measures, and strengthen law enforcement efforts to prevent oil theft and protect critical energy infrastructure.

Ribadu's call also underscores the importance of addressing the root causes of oil theft, such as poverty, unemployment, and corruption. By addressing these underlying issues, it is possible to reduce the incentive for individuals and criminal networks to engage in illegal activities, including oil theft.

Overall, Ribadu's advocacy for a united front reflects the recognition that oil theft and attacks on oil and gas infrastructure in Nigeria are complex challenges that require a concerted effort from multiple stakeholders to effectively address them.



Nigerians begin switch from Petrol to Compressed Natural Gas as Coping Mechanism



The announcement of the removal of subsidies by President Tinubu likely caused a great deal of surprise and concern among Nigerians. Subsidies are a form of government support provided to keep prices of essential goods and services lower than their market value. In the context of Nigeria, the most notable subsidy is the fuel subsidy, which has been a contentious issue for many years.

The removal of subsidies can have significant effects on the economy and the population. On one hand, removing subsidies can help reduce the financial burden on the government, as subsidies often require substantial funding. It can also promote market efficiency by allowing prices to be determined by supply and demand dynamics. Additionally, removing subsidies might encourage investment in alternative energy sources and promote sustainability. However, the removal of subsidies can also lead to immediate price increases for essential goods and services, such as fuel, food and transportation. This can disproportionately affect lower-income individuals and exacerbate the already challenging economic conditions. The sudden removal of subsidies without implementing measures to mitigate the impact on vulnerable populations could cause public unrest and dissatisfaction.

To this end the government understands the need to provide alternative measures and support systems to alleviate the immediate effects of subsidy removal. This might include implementing social safety nets, targeted assistance programs, or investing in infrastructure and public services to create alternative employment opportunities and reduce the cost of living.

Ultimately, the success or failure of removing subsidies depends on the government's ability to manage the transition effectively and address the concerns of the population. It requires careful planning, stakeholder engagement, and a comprehensive strategy to ensure that the move towards subsidy removal does not lead to further economic hardships for the people.

"Petrol will no longer be regulated and will be determined by market forces" according to Mele Kyari, the Group Managing Director/CEO of Nigerian National Petroleum Company Limited (NNPCL). Kyari further stated that this move by the government has opened up investment opportunities, allowing companies to enter the market and foster competition, which is expected to result in lower prices. However, the consequences on the economy have been severe. The prices of petrol and other related commodities have seen a significant increase.

Nigerians are known for their adaptability and resilience and the quest for alternatives to petrol is no exception. While some individuals are still expressing discontent over the removal of subsidies, others have already taken proactive steps by exploring alternative energy sources. The prevailing trend in the country is a shift towards gas utilization, encompassing various aspects such as power generation and transportation. A good number of households have embraced gas as a primary fuel source for their generators, while certain vehicles have been converted to run on gas instead of petrol. Interestingly, even the government is considering the prospect of incorporating gas as a prominent component in the nation's energy landscape. States such as Lagos and Ogun have initiated measures to introduce CNG buses on routes within their major cities. Other states are expected to follow suit in the near future.



Non remittance of 3% OPEX by IOCs Sparks outrage



PETROLEUM INDUSTRY BILL

There are clear signs of an impending crisis in the Oil and Gas Producing Host Communities regarding the failure of International Oil Companies (IOCs) to remit the mandated 3% annual operational expenditure (OPEX) to the affected communities, as stipulated by the Petroleum Industry Act (PIA) of 2021. This situation has sparked strong condemnation from the host communities (HOSTCOM), who are expressing their outrage at the deliberate violation of the Act, despite it being in effect for two years.

During a press conference held recently in Abuja, Dr. Benjamin Tamaranebi, the National President of Host Communities of Nigeria producing Oil and Gas, expressed grave concern over the imminent crisis caused by the non-compliance of oil-producing companies with a particular law. Dr. Tamaranebi highlighted that despite the law being in effect for two years, none of the Oil Producing Companies (IOCs) have adhered to its provisions.

Dr. Tamaranebi strongly condemned the IOCs' inaction, deeming it unacceptable. He emphasized that such non-compliance could potentially serve as a catalyst for a crisis within the affected communities. The failure of the IOCs to fulfill their obligations under the law has likely resulted in heightened tensions and dissatisfaction among the local populations.

It is important to note that without specific information regarding the law in question, it is difficult to provide a more detailed analysis or understanding of the situation.

During the press conference, Dr. Benjamin Tamaranebi was joined by other stakeholders from the Host Communities. Together, they urged the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to take appropriate action against the oil companies that were in violation of the law, in accordance with the relevant provisions of the Petroleum Industry Act (PIA). They emphasized that each of the defaulting oil companies should be held accountable and imposed a penalty of \$1,825 million, calculated at a rate of \$2,500 per day as stipulated by the law.

Tamaranebi said, "We call on all meaningful stakeholders to join hands with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to facilitate the speedy implementation of the 3% OPEX which is overdue"



CENTRE FOR THE PROMOTION OF PRIVATE ENTERPRISE

Dr. Muda Yusuf, the CEO of the Center for the Promotion of Private Enterprise (CPPE), foresees significant advancements in Nigeria's oil and gas industry. Currently valued at N12 trillion based on Gross Domestic Product (GDP) in 2022, Yusuf predicts further progress as ongoing reforms take effect.

Highlighting the industry's substantial economic scale, Yusuf emphasizes that Nigeria's oil and gas sector is a multi-billion-dollar enterprise. Moreover, he asserts that the industry's growth prospects have significantly intensified.

Yusuf shared his insights during the 2023 conference. During his speech at the Oriental News conference held in Lagos, which focused on fostering collaboration between the oil and gas and insurance sectors in Nigeria, the CEO of CPPE highlighted the promising growth prospects. He emphasized that these opportunities are reinforced by recent investment possibilities worth more than \$50 billion, which were presented by both international and indigenous companies at the Nigerian Oil and Gas Opportunity Fair (NOGOF) in Yenagoa, Bayelsa State. These prospects, he said, are projected to be developed within five years and are phenomenal opportunities for the insurance industry.

Furthermore, the CEO highlighted the significant investment opportunities that have been unlocked across all segments of the oil and gas sector, including upstream, downstream, and service sectors, as a result of the Petroleum Industry Act (PIA). He emphasized that the PIA has not only improved the regulatory and institutional framework but has also created a more favorable environment for investment growth throughout the entire sector.

However, he expressed concern over the insurance industry, which contributed a mere 0.32 percent to the country's GDP in 2022, despite being a N647 billion industry. Furthermore, the CEO highlighted the significant investment opportunities that have been unlocked across all segments of the oil and gas sector, including upstream, downstream, and service sectors, as a result of the Petroleum Industry Act (PIA). He emphasized that the PIA has not only improved the regulatory and institutional framework but has also created a more favorable environment for investment growth throughout the entire sector.

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**CENTRE FOR THE
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NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the petroleum regulator of OPEC's largest African oil producer, has announced its intention to host an international roadshow. The purpose of this roadshow is to attract investments in Nigeria's upstream sector. The NUPRC aims to promote opportunities for upstream investments in the country, with the goal of increasing oil production and substantially enhancing natural gas output. The roadshow is scheduled to take place in the upcoming weeks.

During a recent conference held by the Society of Petroleum Engineers in Lagos, representatives of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) announced their upcoming event, the Nigerian Upstream International Investment and Financial Roadshow (NUIIFR). This roadshow aims to facilitate networking and conversations among upstream industry participants regarding financial structures that can support investments. The NUPRC plans to organize and host the roadshow in the offing.

"Whereas the global imperatives for energy transition is clear and justified, the need for Africa's energy security, economic development and prosperity cannot be overemphasised," the Nigerian regulator said. "Whereas the global imperatives for energy transition is clear and justified, the need for Africa's energy security, economic development and prosperity cannot be overemphasised," the Nigerian regulator said.

Nigeria's Ministry of Petroleum Resources is targeting a substantial boost in oil production, aiming to reach a daily output of 1.7 million barrels by November 2023. The objective behind this effort is to secure a larger allocation within the OPEC+ agreement, as shared by Gabriel Tanimu Aduda, the Permanent Secretary at Nigeria's Ministry of Petroleum Resources, in a recent interview with Energy Intelligence.

Historically, Nigeria has struggled to meet its production targets outlined in the OPEC+ agreement. This challenge has been attributed to a combination of factors, including pipeline vandalism, oil theft, and insufficient investments in production capacity.



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