



# NIGERIA ONE

## NEWSLETTER

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## NIGERIA'S CRUDE OIL GRADE PREFERRED BY EUROPEAN REFINERS



The Nigerian National Petroleum Company (NNPC) Limited said Nigeria's crude oil grades have become the most preferred choice for refiners in Europe.

This was said by the Executive Director, Crude Oil and Condensate, NNPC Trading Limited, Maryamu Idris at a panel presentation which took place at the Argus European crude conference in London, United Kingdom.

She stated that the flow of crude oil to Europe from the nation increased due to the ban on Russian crude, which created a supply gap. Six months before the war, 678,000 barrels per day (bpd) of Nigerian crude grades were exported to Europe. This number increased to 710,000 bpd six months later and further to 730,000 bpd so far this year.

Idris noted that the increasing prominence of Nigerian grades in the post-war palette of European refiners is a significant trend. She further explained that several Nigerian distillate-rich grades have become a steady preference for many European refiners due to the unavailability of Russian Urals and diesel. In her words -"And so far, this year, only around 120,000 bpd of Nigerian crude volumes have made their way to India."

According to her, the NNPC Limited has positioned itself to boost investment in the coming year, explaining, "NNPC Limited is championing concerted efforts to partner with host communities and private stakeholders to address the security and environmental challenges in the Niger Delta to further fortify production increase ""Which indeed is a necessary step to be taken.

## REVAMPING THE OIL SECTOR CRUCIAL FOR NAIRA RECOVERY



The government of Nigeria is banking on oil to resuscitate the falling naira, as operators in industry believe it must squarely tackle the problem of insecurity, the sabotage of oil assets, and other regulatory issues to be able to attain this goal. The country's oil and gas sector, which has hitherto generated a major chunk of government revenue and foreign exchange earnings for many years, is staggering and in desperate need of rescue.

The value of the naira has significantly declined compared to the dollar and other important currencies due to recent economic changes. As a result, the government is facing difficulties in increasing the amount of foreign exchange coming into the country, as this is being hindered by low oil production.

Heineken Lokpobiri, the minister of state for petroleum resources (oil), recently informed journalists that the government's objective is to reach and surpass a production level of 2 million barrels per day by the end of the year. He emphasized that insecurity is the main obstacle in achieving this goal.

A local oil producer also confirmed that during the past two months, the Trans Niger Pipeline (TNP) has been down twice and the only recourse for oil producers is to shut in production to avoid the kinds of losses they saw the previous year.

The TNP, a crucial crude oil transportation pipeline in the Niger Delta region, is operated by the Shell Petroleum Development Company and the Nigerian National Petroleum Company Limited (NNPC). It spans approximately 180 kilometers (112 miles).

Earlier this year, over 400 illegal connections were discovered and removed from the pipeline, resulting in no reported losses by May. However, operators claim that illegal connections have resurfaced, despite the incorporation of private security operators to assist security forces.

## NNPC PROFIT INCREASE TO OVER N2TRN AS A RESULT OF PIA-KYARI



Mele Kyari, the Group Chief Executive Officer of Nigerian National Petroleum Company Limited (NNPC Ltd), has announced that the company aims to achieve a profit increase of N2 trillion following the passage of the Petroleum Industry Act 2021. This target will be reflected in the 2022 Audited Financial Statements (AFS).

Kyari, who led an NNPC Ltd. delegation on a courtesy visit to the senate president, Godswill Akpabio, at the National Assembly in Abuja, on Wednesday, said that the company's profitability margins have significantly risen since the passage of the PIA, growing from a loss position of N803 billion in 2018 to a profit position of N674 billion in 2021.

He also said that the Company has started paying dividends to its shareholders since July this year.

"This legislative endeavor (PIA) had given birth to a new commercially oriented National Oil Company (NOC) that is governed by the Company & Allied Matters Act (CAMA) principles.

"With the passage of the PIA 2021, NNPC Ltd's profitability margins have significantly risen, growing from a loss position of N803 billion in 2018 to a profit position of N674 billion in 2021," in his words.

In a statement by the chief corporate communications officer, Olufemi Soneye, Kyari, the NNPC Ltd. stated that the company plays a significant role in the oil and gas industry's entire value chain and commands about 30 percent of the country's petroleum downstream retail market.

Kyari also highlighted the challenges of crude oil theft and pipeline vandalism affecting the company's operations. He pointed out that the collaborative efforts with national security services and third-party security contractors have led to positive results, particularly in increasing crude oil production.

"NNPC Ltd. is investing in several gas and power projects across the country, aimed at supporting the Federal Government's power generation and industrialisation aspirations."

While identifying crude oil theft and pipeline vandalism as major challenges to the Company's business, Kyari said the recent collaboration with the nation's security services, as well as third-party security contractors, has been yielding results, mostly in the area of increased crude oil production.

Speaking further, Kyari said that the Company has already made adequate plans for the supply of petroleum products especially Premium Motor Spirit (PMS), also known as petrol, sufficient to cover the Yuletide season and the new year festivities.

"We have made a robust plan for the forthcoming end-of-the-year festivities and beyond. We do not see any shortages in the petroleum products supply for the period," he said.

## NNPC PROFIT INCREASE TO OVER N2TRN AS A RESULT OF PIA-KYARI

The President of Nigeria, Bola Ahmed Tinubu met with Saudi Arabia's Crown Prince Mohammed bin Salman in Riyadh.

Nigeria expects to see "significant investment flow immediately" from Saudi Arabia after the top crude producer in the Middle East and Africa's largest oil producer signed investment and cooperation agreements in the energy sector at a summit in Riyadh.

Nigeria has been actively sourcing for foreign investment in its upstream and downstream sectors, while Saudi Arabia on the other hand has recently launched its "Empowering Africa" initiative with the intention to bring cleaner energy, connectivity, e-health, and e-education solutions to African countries.

Nigeria's minister of budget and economic planning, Abubakar Atiku Bagudu, granted interviews after a bilateral round table in Riyadh where he posits that the total Saudi Arabia investments in Nigeria which will include investments in energy sector as well will be worth several billion U.S dollars.

"We expect to see significant investment flow immediately," Bagudu said.

Nigerian President Bola Ahmed Tinubu met with Saudi Arabia's Crown Prince Mohammed bin Salman and reviewed the bilateral cooperation and coordination in various fields.

The energy ministers of several African countries, including Nigeria, signed memorandums of understanding with Saudi Arabia at the Saudi-Africa summit.

**T**he government of Saudi Arabia pledged to invest in the overhaul of Nigeria's oil refineries, which have been struggling to meet fuel demand, that has made Africa's top crude oil producer to rely solely on importation of fuel. Nigerian refineries have been in dire need of upgrades for years. The government of Nigeria hopes the new refineries will alleviate the problem of chronic fuel shortage that has been a lingering economic issue yet to be dealt with in Nigeria.

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Nigeria, OPEC's top crude oil producer in Africa, has had to rely on fuel imports due to a lack of enough capacity at its refineries, some of which had to undergo refurbishment in recent years. The agreements reached with Saudi Arabia could bring about a positive change in Nigeria's refinery overhaul quest.

Nigerian Oil Minister Heineken Lokpobiri commenting on the outcome of the Nigerian-Saudi deals said the memorandum of understanding is aimed at "promoting ration and strengthening our partnership in the oil and gas sector for mutual benefits."

"From this, we can anticipate enhanced technological exchange, investment inflow and a strengthened strategic partnership, paving the way for sustainable growth and prosperity in our energy landscape."

Nigerian President Tinubu assured investors at the Saudi-Africa Summit of Nigeria's "commitment to a stable, profitable business environment." According to him,

"We are ready for change, ready for investment, ready for growth, ready for business," the Nigerian President said.

"As a government, we have taken sustainable steps to cut the red tape, clearing the path for free market operations, and affirming our stance against corruption."

## DANGOTE SECURES LICENCE TO PRODUCE 300,000 BARREL CRUDE OIL DAILY



Dangote refinery has secured a license to process over 300,000 barrels of Nigerian crude daily and is set to begin gasoline production soon.

This is indeed coming at a good time for Nigeria and sub-Saharan Africa being that the refinery which was supposed to commence production in August missed the set target

At its full planned capacity of 650,000 b/d, the refinery would make Nigeria self-sufficient in crude oil production needs and a lot more for export to other countries.

In the words of Aliko Dangote "We don't want to start our refinery with foreign goods, we want to start with the Nigerian crude as we're more than ready and you will see our gasoline products soon."

Despite the delays, Dangote reiterated that his refinery will begin production. The refinery's major focus is to supply gasoline to Nigeria most importantly before considering exports to other countries starting from the West African region.

The refinery when in operation is expected to generate 27 million litres of diesel, 11 million litres of kerosene, and 9 million litres of jet fuel, crude will be sourced from various producers in the country, including the country's state oil company, said Dangote the chief executive of the Dangote group.

Nigeria's crude oil production reached 1.56 million barrels per day in October 2023, as was obtained via data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). OPEC however reported a slightly lower figure at 1.49 million barrels per day. The good news is that this still shows Nigeria attaining the highest crude oil production in nearly two years.

Also, a new grade of crude named Nembe was recently introduced by Nigeria through a joint venture, signalling an increase in its oil output. The first cargoes of Nembe were sold in October with two 950,000-barrel shipments bought by Netherlands and France. This Nembe crude stream is to be handled by a joint venture of the Nigerian National Petroleum Company (NNPC) and another oil firm named Aiteo Eastern E&P Co. Ltd.

## NCDMB PROPOSES NEW MODULAR REFINERIES IN THE COMING YEAR



The Nigeria Content Development and Monitoring Board (NCDMB) has announced that three additional modular refineries will be operational in the country by 2024. Engr. Simbi Wabote, the executive secretary of the board, shared this update during the 12th edition of the practical Nigerian Content Forum at the Nigeria Content Tower in Yenagoa, Bayelsa State.

The theme of the event was 'Deepening Nigerian Content Amidst Divestment, Domestication, and Decarbonisation'. Wabote also mentioned the ongoing partnership with a local refinery, Waltersmith, to establish a 5,000bpd modular refinery in Ibigwe, Imo State.

He also mentioned that one modular refinery has already commenced production, revealing that it has generated and sold over 170 million liters, equivalent to about 3,000 trucks of petroleum products, just this year.

This production has helped reduce the need for forex to import these products. Additionally, Wabote highlighted that three other modular refineries are nearing completion. These include the Azikel Refinery with support from AFREXIM bank, the Dupont Refinery in Edo State, and the jetty and FAT for the Inside Battery Limit (ISBL) of the Atlantic Refinery modular refinery.

The Executive secretary also revealed that in the field of gas utilization, a partnership has facilitated the utilization of a section of the OB-3 pipeline, with the commissioning of the NEDO Gas plant currently injecting lean gas into the gas pipeline infrastructure.

This partnership has also created export outlets for other gas operators within the Kwale axis, effectively eliminating the need for gas flaring and this is indeed a step in the right direction.



## TOTALENERGIES 275.000 bpd PRODUCTION RESTORED



TotalEnergies gets back 275,000 bpd from Nigeria's state oil firm NNPC Ltd. It was revealed it had restored 275,000 barrels per day (bpd) of oil production at its joint venture unit with Total Energies (TTEF.PA) after negotiating an end to industrial action by workers.

NNPC said in a statement that an agreement to suspend the action had been signed between TotalEnergies, the Petroleum and Natural Gas Senior Staff Association and the Nigerian Union of Petroleum and Natural Gas Workers, which represent senior and junior workers in the industry. The striking unions agreed to suspend ongoing industrial action which has consequently led to an immediate restoration of 275,000 barrels of oil per day production," NNPC said.

NNPC however did not disclose the reasons behind the dispute or the demands of the aggrieved workers which had not been announced previously.

Nigeria's oil production stood at 1.49 million barrels per day in October, according to data from the petroleum regulator and is still below the 2023 budget target of 1.69 million bpd.

Nigeria which is indeed Africa's biggest oil producer experiencing an improvement this year in the midst of various challenges like not limited to crude theft, illegal refining and lack of investment in the sector which has a negative effect on output and has remained below its expected OPEC quota of 1.74 million bpd.

There are also fears that NNPC may have difficulties with supplying crude to the 650,000-bpd needed at Dangote Refinery, which has missed several targets to start production already.

NNPC Ltd is to supply the Dangote refinery six cargoes of crude oil in December to enable test running to start as told by industry sources who are optimistic this is still feasible.



## KEEP IN TOUCH

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