

## Petroleum Club Policy Committee – Monthly Industry Recap for August 2023

No.	News Item	Summary
1.	<a href="#"><u>Nigeria On Right Path To Achieve Oil &amp; Gas Devt Efficiency</u></a> (Reported by Leadership, 24 August 2023)	In a recent report, Westwood Global Energy Group provides a positive outlook for Nigeria's oil and gas sector after a decade of unrealized potential. Success, the report states, relies on timely project completion, nationwide infrastructure enhancements, and improved security. It also predicts an average of 140 development wells drilled annually until 2030 from new discoveries, potentially increasing production beyond current projections. For its part, the Nigerian government aims to boost crude production from 1.3 million to 2.6 million barrels per day by 2027, capitalizing on Europe's energy deficits and demand from nations like China and India. However, despite offshore developments, Nigeria may not surpass 1.9 million barrels per day of liquids production by 2030, unless project progress improves. For such progress to materialize, it has been suggested that the country must put measures in place to create a conducive business environment that will attract both indigenous and international players.
2.	<a href="#"><u>Gas Flaring: Nigeria loses N34.1bn as Oil Firms Flare 12.7 mmscf</u></a> (Reported by Vanguard, 23 August 2023)	Oil and gas companies in Nigeria flared 12.7 million standard cubic feet (mmscf) of gas in July 2023, indicating a 35% rise compared to the same period in 2022. This has led to a loss of N34.1 billion in potential revenue, as reported by the National Oil Spill Detection and Response Agency (NOSDRA). NOSDRA also revealed that defaulting companies could face fines totalling \$25.3 million (N19.4 billion). Despite efforts to reduce gas flaring, the practice has persisted since the 1950s, contributing to carbon dioxide emissions and other gaseous substances in the atmosphere. The Chief Executive of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Gbenga Komolafe, stated that the Petroleum Industry Act 2021 (PIA) has strict provisions against gas flaring and that initiatives like the Nigerian Gas Flare Commercialisation Programme (NGFCP) aim to curb this practice.
3.	<a href="#"><u>NCDMB Set To Launch 17 Companies From Technology Incubation Centre</u></a> (Reported by Premium Times, 22 August 2023)	The Nigerian Content Development and Monitoring Board (NCDMB), in collaboration with Founder Institute (FI), is set to launch 17 new startups that have emerged from the Board's Technology Incubation and Innovation Centre (TIIC). The launch event will take place at the Nigerian Content Tower in Yenagoa, Bayelsa State, with participation from local and international venture capitalists, investors, and product development experts. This milestone reflects NCDMB's strategy to commercialize research and innovation, aiming to empower Nigerian startups and entrepreneurs. The startups underwent a rigorous product development process, guided by NCDMB's framework, and are ready to attract investors and contribute innovative solutions to various sectors of the economy beyond oil and gas.

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4.	<a href="#"><u>Iran to Provide Infrastructure for Nigeria's Oil, Gas Development</u></a> (Reported by Vanguard, 19 August 2023)	<p>The Iranian Government has signaled its intention to collaborate with Nigeria in the development of its downstream oil and gas sector. The Iranian Ambassador to Nigeria made this announcement during a meeting with Nigerian lawmakers in Abuja. The collaboration aims to enhance Nigeria's oil and gas capabilities by providing support in areas such as refinery upgrades and related infrastructure. The Ambassador highlighted Iran's readiness to address Nigeria's energy challenges through joint investments and cooperation. The cooperation also includes projects related to Compressed Natural Gas (CNG), refinery advancements, petrochemical ventures, and exploratory initiatives. This collaboration follows a Memorandum of Understanding (MoU) signed earlier and showcases Iran's commitment to work closely with Nigeria's evolving oil and gas sector. Nigerian lawmakers emphasized the opportunities within the sector following the enactment of the PIA and sought to leverage Iran's expertise to strengthen Nigeria's energy security and industry growth.</p>
5.	<a href="#"><u>PIA: NUPRC Appoints Anchoria Asset Management, 29 Others as Managers of Host Communities Development Fund</u></a> (Reported by the Whistler, 17 August 2023)	<p>The NUPRC has designated Anchoria Asset Management and 29 other companies as Fund Managers for the Host Communities Development Fund, as outlined by the PIA. The list includes companies like Quantum Zenith Capital, United Capital PLC, Afrinvest Asset Management, among others. The Host Communities Development Trust (HCDDT) aims to address the developmental needs of oil-producing areas, in line with the PIA's provisions for direct social and economic benefits from petroleum operations. This initiative aligns with NUPRC's statutory function to implement the HCDDT and foster sustainable development of the country's hydrocarbon resources.</p>
6.	<a href="#"><u>See Ten (10) New Ministries Tinubu Created, Modified</u></a> (Reported by Vanguard, 17 August 2023)	<p>His Excellency, President Bola Tinubu's recent allocation of portfolios to ministerial nominees has unveiled a significant reshaping of ministries. Notably, the Ministry of Gas Resources has been separated from the Ministry of Petroleum Resources, reflecting Nigeria's focus on maximizing its substantial gas reserves. Ekperikpe Ekpo takes on the role of Minister of State for Gas Resources, charged with driving policies aimed at making Nigeria a gas-based nation for economic growth and development.</p> <p>Other newly created ministries include Marine and Blue Economy, Tourism, Art, Culture and the Creative Economy, Steel Development, Finance and Coordinating Economy, Aviation and Aerospace Development, Youth Development, and Humanitarian Affairs and Poverty Alleviation. Each ministry has been carefully designed to address specific sectors for national advancement, from oceanic economic activities to nurturing the creative sector, bolstering steel resources,</p>

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		managing financial risks, advancing aerospace technology, empowering youths, and formulating humanitarian policies.
7.	<a href="#"><u>How Seplat Drilling Rig Collapsed</u></a> (Reported by Premium Times,17 August 2023)	The NUPRC has confirmed the collapse of a drilling rig near Ovhor, Delta State belonging to Seplat Energy PLC (Seplat Energy). Seplat Energy reported that the incident involving their 'Majestic' rig occurred in the early hours of 15 August 2023. The rig had been contracted to drill the Ovhor-21 well in the swamp location. Upon completion of the drilling of the Gbetiokun-11 well, the rig was demobilized on 9 August 2023. However, while moving to the Ovhor-21 well location, the rig capsized and partially submerged on 15 August 2023. Out of 96 personnel on board during the incident, 92 were rescued, one confirmed dead, and three remain unaccounted for. Seplat Energy has initiated a thorough investigation into the incident, and NUPRC will continue to provide updates as the situation unfolds.
8.	<a href="#"><u>NUPRC Supplies 3.6mb of Crude to Domestic Refineries</u></a> (Reported by The Nation, 17 August 2023)	The NUPRC has delivered 3.61 million barrels of crude oil to three local refineries from September 2021 to May 2023. Responding to concerns from the refinery sector, the NUPRC clarified that refineries that complied with Section 109 of the PIA are eligible for crude supply. Notably, over 1.7 million barrels were supplied to 2 such compliant refineries between January 2019 and August 2021, the period before the PIA came into effect. The NUPRC affirmed its commitment to sustain a conducive supply of feedstock to licensed refineries and approved trucking as an alternative evacuation route. The NUPRC has further stated that refineries not receiving feedstock are yet to satisfy the mandatory legal requirements.
9.	<a href="#"><u>Nigeria Resumes Oil Export at Forcados Terminal</u></a> (Reported by Vanguard, 16 August 2023)	Nigeria has recommenced crude oil export from the Forcados terminal, exporting approximately 220,000 barrels per day. The terminal had been temporarily closed for maintenance after concerns arose regarding 'fumes' near the loading site. This resumption is expected to impact the country's total oil production, which decreased by 13.6% to 1.08 million barrels per day in July 2023 compared to June's 1.25 million barrels. The NUPRC's August report highlights this setback, affecting the government's target of 1.69 million barrels per day in the 2023 budget. The development follows regulatory efforts to enhance production and meet export obligations.
10.	<a href="#"><u>NNPC Secures \$3bn Crude Oil Repayment Loan to Stabilise Naira</u></a> (Reported by Vanguard, 16 August 2023)	NNPC Limited has secured an emergency \$3 billion crude oil repayment loan through a Commitment Letter and Term Sheet with AfreximBank. According to a statement from NNPC Limited, the loan is intended to provide immediate disbursement, enabling NNPC Limited to support the Federal Government's fiscal and monetary policy reforms aimed at stabilizing the exchange rate market. This move comes as the NUPRC reported a 13.6% decline in daily crude

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		oil production for July 2023, causing a shortage of dollar revenues from crude oil exports. NUPRC's data showed that daily production averaged 1.08 million barrels per day, down from 1.25mbpd recorded in June. This drop in production poses a challenge to the government's 2023 budget target of 1.69 million barrels per day and the 1.7 million barrels per day production quota allocated to Nigeria by the Organisation of Petroleum Exporting Countries (OPEC).
11.	<a href="#"><u>Disclaimer: Fake Social Media Account</u></a> (NUPRC Website, 16 August 2023)	The NUPRC has issued an alert regarding a fraudulent Facebook account operating under the name of its Chief Executive, Engr. Gbenga Komolafe. This account is being used for scams targeting unsuspecting individuals. NUPRC clarifies that Engr. Gbenga Komolafe does not have a Facebook account and strongly dissociates from the unauthorized activities carried out by these deceitful individuals using the fake account. The public is urged to exercise caution and avoid any interaction with these individuals pretending to be Engr. Gbenga Komolafe, FNSE, Chief Executive of NUPRC.
12.	<a href="#"><u>The Energy Year Nigeria 2023 Book Launch and Awards Ceremony</u></a> (The Energy Year, 10 August 2023)	The Energy Year Nigeria 2023 Book Launch and Awards Ceremony took place at the Eko Hotel & Suites in Lagos on August 10, 2023. Produced in collaboration with the Ministry of Petroleum Resources, The Energy Year Nigeria 2023 report provides valuable insights from some of Nigeria's most dynamic and ambitious companies across the industry. The report serves as a comprehensive guide for investors and businesses aiming to expand into West Africa, offering a well-defined roadmap for seizing upcoming opportunities in Nigeria's empowered and sustainability-driven market. Engr. Gbenga Komolafe from the NUPRC delivered the keynote speech. Notable achievements in the sector were also recognized, with NUPRC receiving the Institution of the Year Award for its role in encouraging technological advancements. The event also honoured outstanding individuals and companies and highlighted Nigeria's robust energy industry growth and the role of collaboration and innovation.
13.	<a href="#"><u>Nigeria LNG Continues Force Majeure Due to Flooding</u></a> (Reported by The Energy Year, 10 August 2023)	Nigeria LNG Limited's (NLNG) facility on Bonny Island will extend its force majeure declaration due to flooding disruptions that began in October 2022. The project faces delays from high floodwater levels in the Nigerian Delta region and pipeline vandalism, hindering feedstock supply. Despite this, NLNG has not cancelled shipments. NLNG is collaborating with customers, such as Galp and Endesa, to mitigate the impact of gas supply shortages. Nigeria's gas production averaged 40.4 bcm (1.43 tcf) in 2022, with total LNG exports decreasing to 19.6 bcm (692 bcf) in the same year.

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14.	<a href="#">Nigeria Looks To Attract Oil &amp; Gas Investment at International Roadshow</a> (Reported by Oilprice.com, 3 August 2023)	<p>Nigeria is gearing up to host an international roadshow aimed at attracting investments in its upstream sector. The NUPRC will organize the Nigerian Upstream International Investment and Financial Roadshow (NUIIFR) in the coming weeks. This event seeks to foster networking opportunities among upstream players and facilitate discussions on financial structures that encourage investment. With the goal of enhancing energy security and economic growth, Nigeria's regulator emphasizes the significance of Africa's prosperity. The roadshow comes as Nigeria strives to raise its oil production to 1.7 million barrels per day by November 2023, aiming for a stronger position within the OPEC+ agreement.</p>
15.	<b>Comments from the Policy Committee of the Petroleum Club</b>	<p>The selected articles gave us a clear view of the opportunities and challenges facing Nigeria's oil and gas sector. We highlight some key points below:</p> <ul style="list-style-type: none"> <li>• the report by Westwood Global Energy Group indicates that while Europe's energy deficits and China and India's increasing demand present investment/growth opportunities for Nigeria's energy sector, it is imperative that the challenges plaguing the sector (such as inadequate infrastructure and security) are addressed in order to harness such opportunities and make the most of the country's resources;</li> <li>• in spite of comprehensive policy and legislative efforts to curb gas flaring, gas flaring remains a critical problem and a source of revenue drain for the country. Intensified efforts from both public and private sector (working independently and collaboratively) to promote gas utilization and commercialization are therefore pertinent. It is hoped that the government's focus on gas, as is evident in the creation of a new ministry in this regard and in the collaboration with the Iranian Government, would yield tangible results;</li> <li>• the collapse of a Seplat Energy drilling rig and closure of the Forcados terminal indicates that safety remains a major concern in oil and gas operations; and</li> <li>• while the ongoing efforts by the NCDMB to commercialize research and innovation are commendable, the creation of a fake Facebook account in the name of the NUPRC's Commission Chief Executive underscores the increasing need for widespread awareness and targeted efforts to protect the public from potential risks on the internet.</li> </ul>