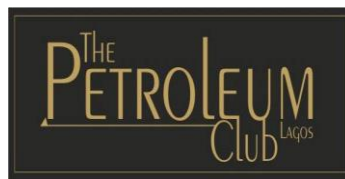


## **~~Petroleum Club Policy Committee – Monthly Industry Recap for September 2023~~**



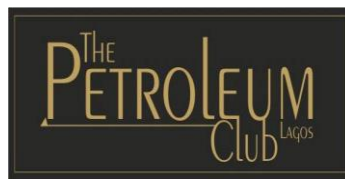
No.	News Item	Summary
1.	<a href="#"><u>Nigeria to Reduce Oil Sector's Contracting Cycle to Six Months</u></a>  (Reported by The Guardian, 26 September 2023)	Nigerian National Petroleum Company Limited (NNPCL) and Nigerian Content Development & Monitoring Board (NCDMB) have signed a Memorandum of Understanding (MoU) with international oil companies (IOCs) to reduce the contracting cycle in Nigeria's oil and gas sector to 180 days (about six months). Currently, this cycle takes around 10 months, sometimes extending to 10 years, leading to high production costs. The move is aligned with the Petroleum Industry Act 2021 (PIA) efficiency mandate, aimed at improving ease of doing business, reducing costs, and enhancing efficiency. This change is expected to stimulate production growth, increase revenues, and improve profitability in the sector, benefiting all stakeholders.
2.	<a href="#"><u>Leading NOCs and IOCs to Invest in Nigeria's Oil and Gas Sector</u></a>  (Reported by Oil Review Africa, 25 September 2023)	In partnership with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the Special Adviser to the President on Energy, Mrs. Olu Verheijen, has engaged with 15 leading international and independent oil and gas companies operating in Nigeria. These strategic discussions aimed to address Nigeria's revenue crisis and stabilise its economy. The talks revealed significant investment opportunities totalling an estimated \$55.2 billion by 2030, with \$13.5 billion expected to be invested by these companies within the next 12 months. The proposed measures aim to achieve 2.1 million barrels per day production by December 2024 and a 100% increase in gas production by 2027, positioning Nigeria as a top choice for energy sector investments in Africa.
3.	<a href="#"><u>Nigeria's Oil and Gas Capital Expenditure Drops to \$6 Billion from \$27 Billion – FG</u></a>	The Nigerian government has reported a significant drop in annual upstream capital expenditure (CAPEX) in Nigeria's oil and gas sector, falling from \$27 billion in 2014 to under \$6 billion in

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No.	News Item	Summary
	<b>(Reported by Nairametrics, 25 September 2023)</b>	2022. The Commission Chief Executive of the NUPRC, Engr. Gbenga Komolafe, cited regulatory uncertainty and global defunding of fossil fuel development as key factors behind this 74% decrease in CAPEX. He also noted that many IOCs deprioritised Nigeria, redirecting their investments to other countries.
4.	<a href="#"><u>NEITI Unveils Nigeria Oil and Gas Report, Says \$9.85bn Unremitted in 2021</u></a> <b>(Reported by AriseNews, 19 September 2023)</b>	The Nigeria Extractive Industries Transparency Initiative (NEITI) has released its oil and gas report, revealing that \$9.85 billion went unremitted to the Federation by some relevant government agencies and companies in Nigeria's oil and gas sector in 2021. This unremitted revenue was disclosed in a total sector earning of \$23.046 billion, marking a 13% increase from the previous year. The report exposed that the NNPCCL was responsible for \$1.95 billion of these unremitted funds. It also highlighted that none of Nigeria's refineries were operational in 2021 despite spending nearly N200 billion on rehabilitation. NEITI called for reforms to enhance transparency and revenue remittances in the sector.
5.	<a href="#"><u>NUPRC Announces Successful Bidders for Gas Flare Commercialisation Programme</u></a> <b>(Reported by PremiumTimes, 13 September 2023)</b>	The NUPRC has unveiled the results of the Nigerian Gas Flare Commercialisation Programme (NGFCP) bidding process, awarding 42 companies/entities. 38 entities have been granted permits for standalone single flare site development, while 4 will develop 9 sites as clusters. Reserve bidders have also been designated in case the primary awardees fail to meet stipulated terms. The NGFCP, initiated in 2016, aims to utilise gas released as a byproduct of oil production, aligning with zero gas flaring by 2035 and net-zero emissions by 2060. The success is attributed to stakeholder engagement and realigning the program with the PIA. The NUPRC has urged

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No.	News Item	Summary
		awardees to advance toward permit-holder status and execute viable gas-flaring reduction projects.
6.	<a href="#">Nigeria's Crude Oil, Condensate Hit 1.67 Million bpd, says Kyari</a>  <b>(Reported by Business Day, 3 September 2023)</b>	Mele Kyari, the Group CEO of NNPC, has announced that Nigeria's crude oil and condensates production has reached 1.67 million barrels per day (mbpd) as of 30 August 2023. This marks a significant increase from previous months when production was nearing a million barrels per day. These developments are seen as positive signs for Nigeria's oil sector and its ability to attract investment.
7.	<a href="#">NUPRC Threatens to Revoke Licenses of Defaulting Oil Coys on 3% Host Communities Fund</a>  <b>(Reported by This Day, 2 September 2023)</b>	The NUPRC has issued a warning to oil and gas operators who have not remitted the mandated 3% to their respective Host Communities Development Trust Fund, as prescribed by Section 235 of the PIA. The NUPRC stated that ongoing defaults could negatively impact foreign investment, currency stability, and oil and gas output. According to the PIA, operators must contribute 3% of their previous year's annual operating expenditure to host communities. Failure to comply may result in regulatory action, including license revocation. The NUPRC has called on defaulting operators to meet their obligations promptly to avoid potential license revocation, which could be enforced by September 2023, if defaults persist.
8.	<a href="#">MOMAN Announces Huub Stokman as New Chairman</a>	The Major Oil Marketers Association of Nigeria (MOMAN) has announced Huub Stokman, CEO of OVH Energy Marketing Limited, as its new Chairman. This appointment follows the tenure completion of Olumide Adeosun on 31 August 2023. Huub Stokman and the Managing Director of NNPC Retail Limited (NRL), will lead MOMAN for the next 2 years, effective 1 September

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No.	News Item	Summary
	(Reported by Nairametrics, 1 September 2023)	2023. MOMAN also reappointed Mr. Clement Isong as the Executive Secretary/Chief Executive Officer for a second term of 5 years.

### **Comments from the Petroleum Club Policy Committee**

These news updates highlight several critical points:

- ✚ the signing of an MoU to shorten the contracting cycle is a promising step toward improving operational efficiency and attracting investments in the sector;
- ✚ discussions with IOCs revealing substantial investment potential, signal confidence in Nigeria's production growth and revenue generation capabilities, notwithstanding the significant decline in CAPEX due to regulatory uncertainty and global shifts away from fossil fuel development;
- ✚ NEITI's report on unremitted revenue highlights the importance of transparency and timely revenue remittances for both government revenues and sector accountability;
- ✚ progress in reducing gas flaring through the NGFCP award align with global environmental goals and indicates a commitment to sustainability and potential additional revenue streams;
- ✚ the NUPRC's warning regarding operator contributions to host communities underscores the determination to ensure compliance with corporate social responsibility obligations for community development; and

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- ✚ new leadership appointments within MOMAN signal stability in key industry associations, supporting coordination and problem-solving efforts in the sector.

In summary, these developments in September 2023 offer promise for Nigeria's oil and gas industry in terms of efficiency improvements and investment prospects. However, challenges like regulatory uncertainty, lack of transparency, and social responsibility need attention for the sector's long-term sustainability and competitiveness.