



Petroleum Club Policy Committee – Monthly Industry Recap for March 2024

No.	News Item	Summary
1.	<u>World Energy Stakeholders to Brainstorm On Loss Reduction, Oilfields Sustainability In Nigeria</u> (Reported by Independent, 23 March 2024)	Oil and gas stakeholders from across the globe are to gather in Nigeria for 3 (three) days, commencing 8 October 2024, to deliberate on a broad range of industry issues, including prospects, opportunities and challenges, as well as innovative ways of finding lasting solutions to such challenges in a sustainable manner. According to the organisers, the conference will begin with a pre-conference workshop, while the main conference will run for 2 (two) days from 9 October 2024 at the prestigious Federal Palace Hotel in Victoria Island, Lagos. The deliberations will be organised under four thematic areas, namely: upstream production measurement and fiscal metering, measurement for sustainable oil field operations and environmental stewardship, enhancing transparency and efficiency in hydrocarbon accounting and loss reduction in natural gas pipeline and petroleum downstream operations.
2.	<u>Nigeria's oil rigs rise by 23% on gains of PIA</u> (Reported by BusinessDay, 20 March 2024)	In a continued upward trajectory witnessed in oil and gas exploration activities, the rig count, an index measuring upstream activities, surged by 23% year-on-year to 16 (sixteen) rigs in February 2024. This leap marks a considerable increase from the 11 (eleven) rigs recorded during the corresponding period in 2023. According to the March 2023 Monthly Oil Market Report (MOMR) released by the Organisation of Petroleum Exporting Countries (OPEC), the momentum of exploration also showcased a modest month-on-month growth of 6%, with the count rising from 15 (fifteen) rigs in January 2024. The Commission Chief Executive of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Gbenga Komolafe attributed this development to the positive impact of the Petroleum Industry Act 2021 (PIA).
3.	<u>Savannah Energy to take control of Stubb Creek oil and gas field in Nigeria</u> (Reported by Oilfield Technology, 20 March 2024)	Savannah Energy PLC (Savannah) has announced that it has signed separate share purchase agreements (SPAs) with Sinopec International Petroleum Exploration and Production Corporation (SIPC) and Jagal Ventures Limited (Jagal) to acquire 100% of the outstanding share capital of Sinopec International Petroleum Exploration and Production Company Nigeria Limited (SIPEC). SIPEC's principal asset is a 49% non-operated interest in the Stubb Creek oil and gas field (Stubb Creek), located in Akwa Ibom State, Nigeria. An affiliate of Savannah, Universal Energy Resources Limited, is the 51% owner and operator. The SIPC SPA will see Savannah Energy SC Limited (a wholly owned subsidiary of Savannah) acquire a 75% equity interest in



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		SIPEC for cash consideration of US\$52 million, payable on completion and subject to customary adjustments for a transaction of this nature from 1 September 2023. The Jagal SPA will see Savannah Energy SC Limited acquire 25% equity interest in SIPEC for cash consideration of US\$7.5 million (without adjustment), payable on completion, plus US\$2 million in deferred cash consideration payable in eight equal quarterly instalments post-completion.
4.	<u>FG to Decide on \$25bn Nigeria Morocco Gas Pipeline Project December</u> (Reported by BusinessDay, 20 March 2024)	The Group Chief Executive Officer of Nigerian National Petroleum Company Limited (NNPCL) Ltd. Mele Kyari has said the Final Investment Decision (FID) on the \$25 billion Nigeria-Morocco Gas Pipeline (NMGP) project will be taken in December 2024. Mele Kyari disclosed while speaking during a leadership dialogue session at the CERAWEEK Conference in Houston, United States, on Tuesday, 19 March 2024. According to Mele Kyari, the project, which is at an advanced stage, will create a pipeline that will pass through 13 (thirteen) African countries to Europe. Kyari stated that the NNPCL's focus is to build its capacity to deliver gas to the domestic market and beyond.
5.	<u>UTM Offshore Is Set To Float Gas Project, Solicits NCDMB's Equity Investment</u> (Reported by GreenBarge Reporters, 14 March 2024)	UTM Offshore Limited (UTM), promoters of Nigeria's first Floating Liquefied Natural Gas (FLNG) facility have requested the Nigerian Content Development and Monitoring Board (NCDMB) to invest equity in the project and to accelerate key approvals that would fast-track the project's development. The Company made the request Wednesday, 13 March 2024, at the Nigerian Content Tower in Yenagoa, Bayelsa State when the Executive Secretary of NCDMB, Felix Ogbe, hosted the management of UTM, led by the group managing director, Mr. Julius Rone. The FLNG project targeted for completion in 2028 hopes to contribute about 450,000 (four hundred and fifty thousand) tonnes of Liquefied Petroleum Gas (LPG), otherwise known as cooking gas per annum to the domestic market. The volume from the facility is expected to meet Nigeria's average demand of about 1.5 (one million five hundred thousand) million tonnes of LPG per annum and reduce the dependence on the importation of LPG.
6.	<u>Nigeria Sells N10.31tn Crude Oil in Three Months, Total Export Grows By 20.8%</u> (Reported by ThisDay, 12 March 2024)	Nigeria exported crude oil valued at N10.31 trillion in the 3 (three) months spanning October to December 2023, as the commodity again took the lion's share of the country's total worth of goods shipped outside its shores. Foreign trade data released by the National Bureau of



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		Statistics (NBS) for the fourth quarter (Q4) of 2023 showed that the value of crude oil taken out of the country in the three months under review grew by 20.80%, accounting for a substantial portion of 81% of the total exports during the period. In comparison, in the previous quarter (Q3), crude oil shipped out of Nigeria was N8.53 trillion, while Q2 was N4.91 trillion, an increase in value of 109.91% between the two periods.
7.	<u>Heirs Energies Set to Powering Nigeria's Economy with Domestic Gas Supply</u> (Reported by Independent, 12 March 2024)	Heirs Energies Limited, one of Africa's leading integrated energy companies, has concluded plans to further expand its gas supply business, supplying the recently commissioned 188 Megawatt (MW) power plant operated by Geometric Power Limited, located in Aba, Abia State. Heirs Energies Limited is a leading provider of gas to the Nigerian National Grid, and already supplies TransAfam Power Limited, with a capacity of 966 MW, and First Independent Power Limited (FIPL), with a capacity of 541 MW. Heirs Energies Limited also supplies gas to local distribution companies, gas-based industries, and other industrial customers.
8.	<u>SON Approves 80 Standards for Nigeria's Compressed Natural Gas (CNG) Initiative</u> (Reported by News.Ng, 11 March 2024)	The Standards Organisation of Nigeria (SON) has approved standards for compressed natural gas (CNG) use in the country. The national apex standards body said it took this step towards promoting safer, more reliable, and environmentally sustainable energy solutions. In an official announcement on Monday, 11 March 2024, SON revealed the approval of 80 (eighty) standards for CNG use in road vehicles and related appliances as part of the Presidential compressed natural gas initiative. According to the statement signed by SON's Director of Public Relations, Mrs. Funsho Bolaji, the agency's release of 80 approved standards covers various aspects of CNG utilisation, including production, storage, transportation, and appliance compatibility.
9.	<u>Finance Ministry to Partner CBN on Oil, Gas Export</u> (Reported by Punch, 07 March 2024)	The Minister of Finance and Coordinating Minister of the Economy, Wale Edun, has reiterated the Ministry's commitment to partner with the Central Bank of Nigeria (CBN) in crude oil and gas export. This was disclosed by Wale Edun in a statement signed by the ministry's head of media and public relations unit, Helen Oby, on Thursday, 6 March 2024. The partnership, he added, will also enhance key government policies of boosting domestic production, diversifying the export



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		base of the economy to positively impact the sector as well as contribute to the current export growth status.
10.	Tinubu Signs Executive Orders to Revamp Oil, Gas sector (Reported by Premium Times, 06 March 2024)	<p>President Bola Tinubu (President) has given policy directives to improve the investment climate and position Nigeria as the preferred investment destination for the oil & gas sector in Africa. According to a statement by the special adviser on media and publicity to the President, Ajuri Ngelale, the policy directives were crafted after extensive consultations and benchmarking with global best practices, and are designed to enhance the investment climate, positioning Nigeria as the top choice for oil and gas investments in Africa. The statement added that the directives specifically target the amendment of primary legislation to introduce fiscal incentives for oil & gas projects, reduce contracting costs and timelines, and promote cost efficiency in local content requirements.</p>
11.	NUPRC Releases Regulatory Framework for Asset Divestment in Oil, Gas Sector (Reported by The Energy Republic, 06 March 2024)	<p>The NUPRC has made public conditions, including the role of the commission and a due diligence request list that exiting International Oil Companies (IOCs) must fulfil for such deals to be approved by the commission. NUPRC listed the conditions as technical capacity, financial capability, fulfilment of legal requirements, decommissioning and abandonment, host community trust, industrial relations and data repatriation. The acquiring entity, according to NUPRC, must showcase competencies and capabilities comparable to or surpassing those of the divesting entity.</p>
12.	Navy nabs 13 Suspected Crude Oil Thieves (Reported by Daily Post, 03 March 2024)	<p>The Nigerian Navy has arrested 13 (thirteen) suspected crude oil thieves on board Motor Tanker (MT) Sweet Miri off the coast of Nigerian waters. This was confirmed by the Flag Officer Commanding, (FOC) Western Naval Command, Rear Adm. Mohammed Hassan, on 3 March 2024. Hassan told newsmen aboard the vessel that the motor tanker was laden with almost two million litres of products suspected to be crude oil and had no naval approval onboard. He said thorough investigations would be conducted to ensure that kingpins of crude oil theft were punished.</p>



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	<p>Comments from the Petroleum Club Policy Committee</p>	<p>From the selected news items, we note the following key takeaways:</p> <ul style="list-style-type: none"> • The persistent challenges of illegal bunkering, crude oil theft, and pipeline vandalism significantly undermine the integrity and productivity of the crude oil and gas sector, posing substantial obstacles to the realisation of the nation’s energy objectives. • Despite these challenges, the country’s oil and gas sector continues to attract significant investment and development. This month, Heirs Energy and UTM have committed to investing in major projects anticipated to rejuvenate and strengthen the gas sector. • Furthermore, it appears that the government has consistently implemented policies and regulations designed to enhance and capitalise on the advancements within the oil and gas industry. This month, President Bola Tinubu enacted executive orders intended to streamline and improve the investment process within the oil and gas sector. <p>The familiar issues of crude oil theft and pipeline vandalism continue to beset our oil and gas production activities across all levels. Fortunately, the government’s dedication to addressing these challenges within the oil and gas sector remains steadfast.</p>