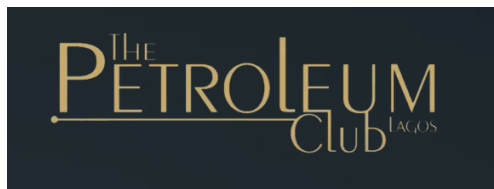




## Petroleum Club Policy Committee – Monthly Industry Recap for January 2024

No.	News Item	Summary
1.	<a href="#">Nigeria to Save \$1 Billion Annually as NUPRC Addresses Errors in Oil Production Measurements</a> (Reported by ThisDay, 25 January 2024)	The Nigerian Upstream Petroleum Regulatory Commission (“NUPRC” or the “Commission”) is set to save Nigeria up to \$1 billion annually by addressing errors in oil production measurements. The Commission plans to implement policy changes, including the introduction of a Metering Regulation to correct crude measurement errors, potentially reducing crude oil theft by 40%. NUPRC is also working to remove entry barriers and investment decline, with adjustments to signature bonuses and the introduction of production bonuses during bid rounds. These measures aim to encourage investment, create employment, and enhance Nigeria's competitiveness.
2.	<a href="#">Morocco, Nigeria Negotiate 'African' Gas Pipeline Project</a> (Reported by The New Arab, 24 January 2024)	Morocco's King Mohammed VI has invited Nigerian President Bola Ahmed Tinubu to visit Morocco during a phone conversation where the leaders discussed the Nigeria-Morocco Gas Pipeline initiated in 2016 to transport natural gas along West African coastlines. The project, spanning 5,600 kilometres and costing \$25 billion, aims to address the gas supply crunch. Facing political challenges, only 7 (seven) of the 13 (thirteen) involved countries have signed MoUs, with ongoing negotiations. Algeria is pursuing its Trans-Saharan Gas Pipeline, linking Nigeria to its Mediterranean coast, facing security hurdles in desert regions.
3.	<a href="#">New 50,000MT LPG Depot To Create 100,000 Jobs, Boost Economy – Minister</a> (Reported by Leadership, 24 January 2024)	Minister of State Petroleum Resources (Gas), Ekperikpe Ekpo, has celebrated the Nesgas 50,000 (fifty thousand) Metric Tonnes Liquefied Petroleum Gas (LPG) depot in Onne, Rivers State. Ekpo highlighted its potential to meet Nigeria's energy demands, reduce environmental impact, create over 100,000 (one hundred thousand) jobs, and stimulate economic growth. The investment by Nesgas is seen as a significant milestone in unlocking Nigeria's abundant gas potential for cleaner and sustainable energy sources, aligning with the government's commitment to fostering a supportive environment for the gas industry.
4.	<a href="#">Dangote refinery registers three oil marketers associations</a> (Reported by Punch, 23 January 2024)	The Dangote Petroleum Refinery has registered three major oil sector associations, comprising 75% of the total market in Nigeria, as its distributors. The Depot and Petroleum Products Marketers Association of Nigeria, Major Oil Marketers Association of Nigeria, and Independent



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		<p>Petroleum Marketers Association of Nigeria are now registered distributors. The Dangote Petroleum Refinery is still considering other interested marketers to partner with the refinery. The refinery, which commenced the production of diesel and aviation fuel on 12 January 2023, is yet to announce the availability of products in the market or the start date for Premium Motor Spirit production.</p>
5	<p><a href="#"><u>Shell to Exit Oil Exploration in Nigeria</u></a> (Reported by Nigerian Tribune, 16 January 2024)</p>	<p>Shell has announced its withdrawal from onshore oil exploration in Nigeria and the sale of its subsidiary, the Shell Petroleum Development Company of Nigeria Limited (SPDC), to Renaissance, a consortium of five companies. The deal, subject to Nigerian government approvals, includes maintaining SPDC's operational capabilities and staff during the transition. Shell plans to retain a role in supporting the management of SPDC JV facilities supplying feed gas to Nigeria LNG after the sale, aligning with its strategy to exit onshore oil production in the Niger Delta. The move aims to simplify Shell's portfolio and focus on deepwater and integrated gas positions in Nigeria.</p>
6.	<p><a href="#"><u>PENGASSAN Rejects Shell's \$2.4bn Assets Sale, put Members on Strike Notice</u></a> (Reported by BusinessDay, 22 January 2024)</p>	<p>The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) has opposed the proposed sale of Shell onshore assets to the Renaissance group, claiming that the group speculated to be interested in purchasing the assets is unfamiliar to them and has no demonstrable record of managing diverse assets. PENGASSAN claims that one of the companies in the consortium has a history of mistreating workers, while another impedes unionization efforts. PENGASSAN has put members nationwide on strike notice, warning that any attempt to transfer assets without resolving employee issues will face strong resistance. PENGASSAN urges the consortium to clarify its intentions and engage in serious discussions with the association.</p>
7.	<p><a href="#"><u>NNPCL Uncovers 83 Illegal Refineries, Arrests 22 Suspects</u></a> (Reported by Voice of Nigeria, 17 January 2024)</p>	<p>In the ongoing fight against crude oil theft, the Nigerian National Petroleum Company Limited (NNPCL) reported uncovering 83 (eighty-three) illegal refineries and 15 (fifteen) illegal pipeline connections in the Niger Delta. NNPCL, in its efforts to curb oil theft and vandalism, revealed that between 6 January and 12 January 2024, a total of 211 (two hundred and eleven) incidents of oil theft and vandalism were reported. The NNPCL also inspected an illegal crude oil vessel, MT Kali, loaded with thousands of metric tonnes of crude oil, arrested all 23 (twenty-three) crew</p>



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		members onboard, and emphasized its commitment, in collaboration with security agencies, to halt criminal activities in Nigerian waters.
8.	<a href="#">Nigeria seeks Operators for State-owned Port Harcourt Oil Refinery</a> (Reported by Reuters, 15 January 2024)	NNPCL has invited bids for operators of its Port Harcourt oil refinery, slated to start production in Q1 2024 after undergoing upgrades. It has been reported that the refinery will initially process 60,000 (sixty thousand) barrels per day (bpd) and aims to reach its full capacity of 210,000 (two hundred and ten thousand) bpd later in the year. NNPCL seeks credible operations firms to ensure reliability and sustainability, emphasizing the goal of meeting the nation's fuel supply and energy security needs. Prospective operators are required to have a minimum turnover of \$2 billion since 2019, demonstrate their latest credit rating, and showcase experience in running refineries. NNPCL plans to complete test runs at the Port Harcourt refinery this month before resuming production, contributing to the government's efforts to revive mothballed refineries and reduce reliance on imported refined products.
9.	<a href="#">Dangote Refinery begins Diesel, Aviation Fuel Production</a> (Reported by Punch, 13 January 2024)	The Dangote Petroleum Refinery has commenced the production of diesel and aviation fuel, marking a significant milestone. The Chairman of Dangote Group, Aliko Dangote, expressed gratitude to President Bola Ahmed Tinubu and various regulatory authorities for their support. While petrol production is yet to commence, the refinery, with a daily capacity of 650,000 barrels of crude oil, has the capability to load 2,900 trucks per day. The products will adhere to Euro V specifications, and the refinery design with the World Bank, US EPA, European emission norms, and DPR emission/effluent norms.
10.	<a href="#">Afreximbank Disburses \$2.25b Crude Oil Prepayment to Nigeria</a> (Reported by The Nation, 13 January 2024)	The African Export-Import Bank (Afreximbank) has successfully arranged a \$3.3 billion crude oil prepayment facility for NNPCL, marking Nigeria's largest such facility and one of Africa's largest syndicated loans in 2023. The 5-year facility includes an initial disbursement of \$2.25 billion, with a second tranche of \$1.05 billion expected. Investors, despite market challenges, participated with ticket sizes of \$250 million and \$500 million. The facility, with a margin of 6.0% per annum above the 3-month Secured Overnight Financing Rate (SOFR), incorporates an embedded price balance mechanism. This mechanism ensures that 90% (ninety percent) of excess cash from



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		committed barrel sales will be released, while the remaining 10% (ten percent) will be used to prepay the facility, effectively reducing its final maturity and freeing cash flow from future pledged cargoes for use by Nigeria.
13.	<a href="#">Seplat Announces Mechanical Completion of ANOH Gas Plant</a> (Reported by Premium Times, 03 January 2024)	<p>Seplat Energy Plc (“<b>Seplat</b>”) has announced the mechanical completion of installation works at the ANOH gas plant, a joint venture with NNPC Gas Infrastructure Company Limited. The achievement realized on 29 December 2023, positions Nigeria's leading energy company to double gas production upon operational commencement. The ANOH gas plant will provide Seplat with dual income streams through wet gas sales from OML 53 to the plant and dividends from the ANOH Gas Processing Company, the plant's joint venture operator. The first phase, with a processing capacity of 300 million standard cubic feet per day, is set to deliver dry gas, condensate, and LPG to domestic and international markets. Despite a three-month delay due to third-party issues, the company now awaits the completion of key pre-commissioning activities and third-party infrastructure for the plant's commissioning and operational start.</p>

### Comments from the Petroleum Club Policy Committee

The carefully curated news items broadly reflect the current outlook of the oil and gas sector in Nigeria. Some of the major points are highlighted below:

- The government continues to take strong initiatives for efficiency picking off from the year 2023, given that the NUPRC is taking proactive measures to address errors in oil production measurements, potentially saving the country \$1 billion annually.
- On the international front, negotiations between Nigeria and Morocco regarding the Nigeria-Morocco Gas Pipeline signify strategic efforts to address the gas supply crunch in West Africa. This accentuates the importance of regional collaboration to meet energy demands and overcome political and security challenges.



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- Domestically, the establishment of a new LPG depot by Nesgas is expected to have a transformative impact, creating jobs, boosting the economy, and fostering sustainable energy sources. The Dangote Petroleum Refinery's registration of major oil sector associations as distributors further highlights collaboration between the private sector and industry stakeholders, reflecting a positive trajectory for the refinery's operations.
- Key infrastructure projects are making strides, with Seplat achieving mechanical completion at the ANOH gas plant, poised to double gas production. The NNPC's invitation for operators for the Port Harcourt oil refinery and the Dangote Petroleum Refinery's commencement of diesel and aviation fuel production contribute to the government's broader agenda of reviving refineries and achieving energy self-sufficiency.
- Financially, the African Export-Import Bank's arrangement of a \$3.3 billion crude oil prepayment facility for NNPC represents a significant boost to Nigeria's energy financing landscape, showcasing investor confidence despite market challenges.

In a nutshell, these highlighted articles illustrate dedicated efforts to strengthen economic growth, create job opportunities, and ensure the enduring sustainability of Nigeria's petroleum sector be it through global partnerships, efforts to address production challenges, and strategic investments, all collectively reflect a proactive approach and commitment to enhancing the competitiveness and resilience of the Nigerian petroleum industry.