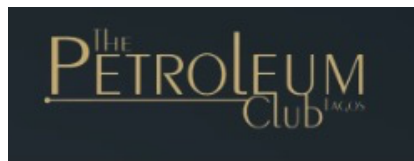


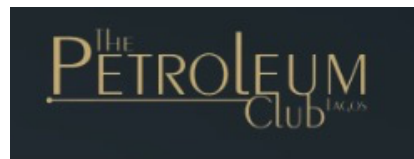
Petroleum Club Lagos: Policy Committee – Monthly Industry Recap for August 2024

No	News Item	Summary
1.	Five Economic Benefits of Selling Crude Oil to Refineries in Naira (Reported by Nairametrics, 01 August 2024)	The Federal Government of Nigeria (“ FGN ”) highlighted the benefits of selling crude oil to the refineries in Naira rather than foreign currency. Some of the benefits highlighted by the Executive Chairman of the Federal Internal Revenue Service (FIRS), Zacch Adedeji, at the last Federal Executive Council (FEC) meeting in Abuja, include but are not limited to reduction in foreign exchange pressure; price stability of premium motor spirit (“ PMS ”); retention of 7.32 billion US Dollars annually, and elimination of international credit of letters, among others.
2.	Nigeria Adds New Crude Grade, Targets 50,000bpd by Year-end (Reported by This Day Live, 03 August 2024)	Nigeria has obtained an additional crude grade known as Utapate. Utapate, a light, low-sulphur oil from the Niger Delta region, is one of several dozen crude grades produced in Nigeria. The Utapate terminal produced almost 19,000 barrels per day (“ bpd ”) in June 2024 and is projected to reach a production capacity of 50,000 bpd by the end of 2024.
3.	Tinubu: CNG Will Save Nigeria More than N2 trillion in Petrol and Diesel Imports (Reported by The News Chronicles, 04 August 2024)	Following the recent rise in the price of fuel in Nigeria, President Bola Tinubu (“ President Tinubu ”), via a nationwide broadcast message explained that the adoption of Compressed Natural Gas (“ CNG ”) would save Nigeria approximately 2 trillion Naira from expenses associated with importing Automotive Gas Oil (AGO) and PMS. President Tinubu also anticipates that CNG will reduce inflation significantly and reduce the cost of transportation in Nigeria by 60%.
4.	Reps Dissolve Committee Investigating Adulterated Fuel Import, Others (Reported by Punch, 05 August 2024)	The House of Representatives has resolved to dissolve the current ad-hoc Joint Downstream and Midstream Committee investigating the importation of adulterated petroleum products; the non-availability of crude oil for domestic refineries; and other critical energy security issues in Nigeria. The Deputy Speaker, Benjamin Kalu, speaking on behalf of the Speaker, Tajudeen Abbas, stated that a new committee would be constituted with the same mandate as the dissolved ad-hoc committee.



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5.	<u>Nigeria's Oil and Gas Sector Holds 28% of Bank Credit in Q1 2024</u> (Reported by Nairametrics 05 August 2024)	A data released by the Central Bank of Nigeria (“ CBN ”) shows that the Nigerian banking sector has loaned about 10.9 trillion Naira to the upstream sector and another 3.8 trillion Naira to the service sector in Nigeria. A review of the CBN data shows that while debt to the upstream sector increased by about 2.6 trillion Naira, the downstream sector accumulated 440 billion Naira in fresh credit in the first quarter of 2024. Additionally, the CBN data highlights that loans to the oil and gas sector have been denominated majorly in foreign currency and may have been impacted by the exchange rate devaluation.
6.	<u>Port Harcourt Refinery will Produce 12 Million Liters of Petrol Daily, to Begin Operation in August</u> (Reported by Oil Price NG, 09 August 2024)	The Independent Petroleum Marketers Association of Nigeria (“ IPMAN ”) has announced that the Port Harcourt Refinery is on track to meet its August deadline for producing petroleum products and will be able to supply up to 12 million litres of petrol to marketers. According to the National Operations Controller of IPMAN, Zarma Mustapha, the Port Harcourt Refinery is set to operate independently and sell at the prevailing market price with little or no government interference.
7.	<u>Nigeria's Dangote Refinery, Others Seek 597,700 bpd of Oil Amid Tight Supply</u> (Reported by Reuters, 12 August 2024)	Nigerian refineries have raised their domestic crude requirements from 483,000 bpd in the first half of 2024 to 597,700 bpd in the second half of 2024. However, the Nigerian Upstream Petroleum Regulatory Commission (“ NUPRC ”) was only able to help secure 177,777 bpd from oil producers in the first six months of the year; way below the requested barrels by the local refineries. The NUPRC attributed this supply shortage of producers to operational challenges and supply pledges to drilling financiers.
8.	<u>Tinubu, Mbasogo sign Agreement on Gulf of Guinea Gas Pipeline</u> (Reported by Vanguard, 15 August 2024)	President Tinubu and President Teodoro Mbasogo of Equatorial Guinea have signed an agreement on Gulf of Guinea Pipeline Project. According to Chief Ajuri Ngelale, the Special Adviser to President Tinubu on media and publicity, the agreement covers several important areas, such as legislative and regulatory measures for the gas pipeline; its establishment and operation; the transit of natural gas; ownership of the



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		pipeline; and the general principles governing the project. Chief Ajuri Ngelale also mentioned that the project aims to encourage emergence of new opportunities for gas exploration and employment; create employment, food security, multilateral relations and conflict resolution mechanisms on the continent; and promote peace, stability, growth and prosperity on the African continent.
9.	<u>Oando Acquires Agip Oil for \$783m</u> (Reported by Punch, 23 August 2024)	Oando Plc (“ Oando ”) has acquired a 100 per cent stake in Nigerian Agip Oil Company at 783 million US Dollars. In a corporate notice filed on the Nigeria Exchange Limited, Oando stated that the acquisition aligned with its strategy to bolster its upstream operations in the oil and gas industry in Nigeria. The newly acquired assets from the acquisition include 40 oil and gas fields, with 24 currently producing; 1,490 kilometres of pipelines; 12 production stations; 3 gas processing plants; the Brass River Oil Terminal; and the Kwale-Okpai power plants, with a combined capacity of 960 megawatts (MW).
10.	<u>Local Energy Firm Acquires NNPC, TotalEnergies Oil Field for \$19.5 million</u> (Reported by Business Day, 29 August 2024)	Aradel Energy Resources (“ Aradel ”), one of Nigeria’s leading integrated indigenous energy companies, has announced the acquisition of the Olo and Olo West marginal fields from TotalEnergies EP Nigeria and Nigerian National Petroleum Company Limited (“ NNPCL ”), for a total consideration of 19.5 million US Dollars. According to Aradel, on its official website, the Petroleum Mining Lease (PML) for Olo and Petroleum Prospecting License (PPL) for Olo West will be issued after the payment of relevant Ministerial consent fees and the completion of approved field development plans within designated timeframes.
11.	<u>NNPC seeks private firms to operate Warri, Kaduna refineries for petrol supply</u> (Reported by Nairametrics, 30 August 2024)	The NNPCL, via a circular, has announced its intention to engage private companies to oversee the operation and maintenance of its refineries in Kaduna and Warri. According to the circular, the tender process for the refineries will be handled as a single tender, conducted in three stages namely: Expression of Interest (EOI),



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		Technical, and Commercial stages, respectively. The circular also states that the tender process will take advantage of all possible cost-saving opportunities related to the procurement of consumables, personnel management, and the use of systems such as Computerized Maintenance Management Software (CMMS) and Warehousing Management System (WMS).
Comments from the Petroleum Club Policy Committee.		<p>From the selected news items, the following are our key takeaways:</p> <ul style="list-style-type: none"> • The FGN is considering various ways to reduce the dependence on foreign exchange given the discussions of the benefits of selling crude oil, a product typically traded in foreign exchange, to the refineries in Naira rather than foreign currency; • The push towards adopting CNG highlight Nigeria's strategy to diversify its energy portfolio. With the projection that CNG could save Nigeria over 2 trillion Naira in import costs and reduce transportation expenses by 60%, the dual focus on upgrading domestic production and transitioning to alternative fuels underscores a forward-thinking approach to energy independence and economic resilience; and • The recent agreement regarding the Gulf of Guinea Pipeline project, reflects Nigeria's commitment to strengthening its position in the global energy market and fostering regional cooperation. This promises to drive economic growth.