

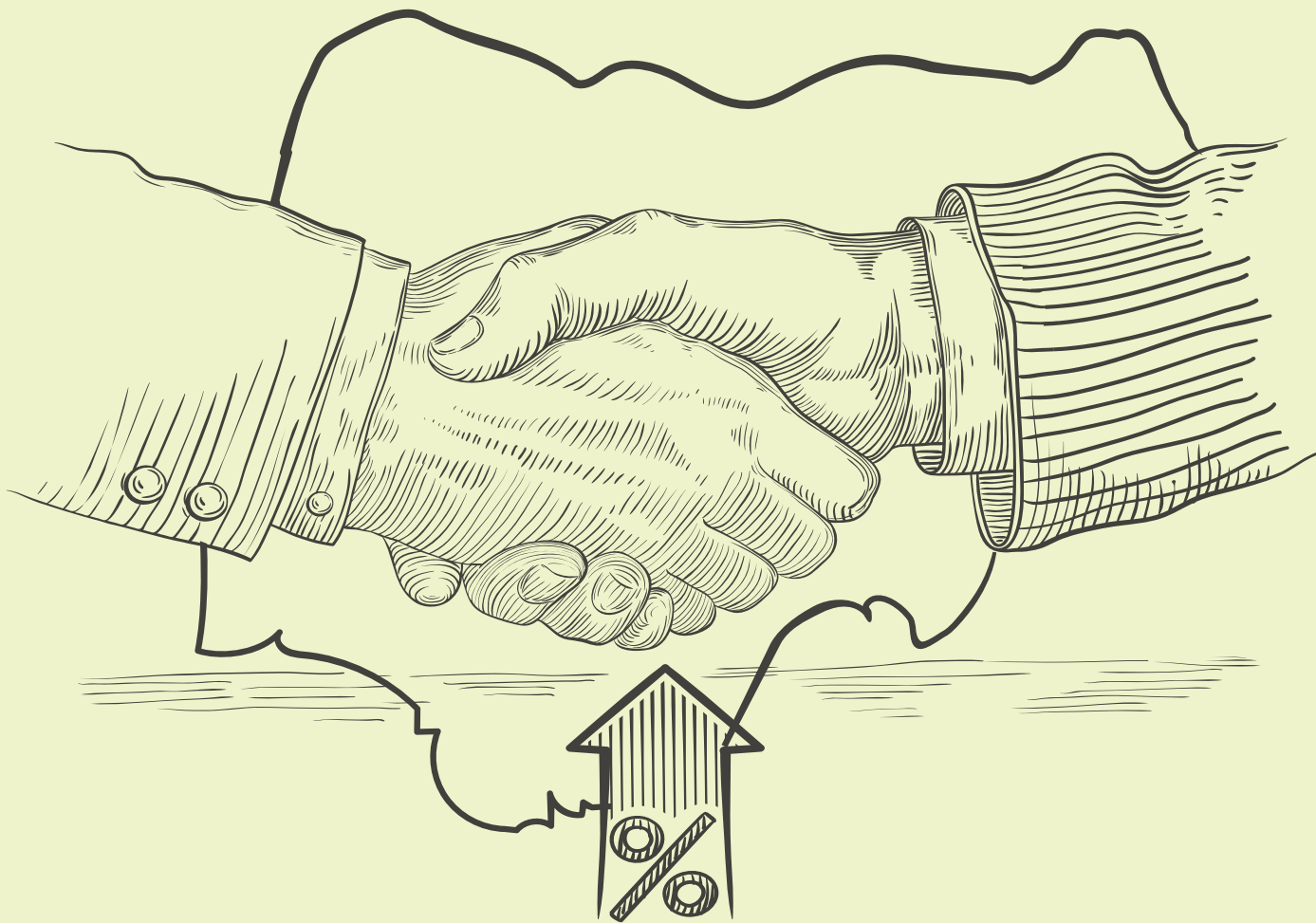
UPSTREAM GAZE

THE OFFICIAL MAGAZINE OF NIGERIAN UPSTREAM
PETROLEUM REGULATORY COMMISSION



NOVEMBER 2023
VOL. 5

ENERGY TRANSITION REGIME: LEVERAGING INVESTMENT OPPORTUNITIES IN THE NIGERIAN UPSTREAM PETROLEUM SECTOR



HOW PUBLIC AND PRIVATE
PARTNERSHIP CAN UNLEASH
NIGERIA'S FUTURE OF
ENERGY

PPP: TOWARDS
ECONOMIC GROWTH AND
ADVANCEMENT IN THE
UPSTREAM OIL SECTOR

TURNING EMISSION INTO
OPPORTUNITY: HOW NUPRC'S GAS FLARE
COMMERCIALISATION IS PROMOTING A
SUSTAINABLE ENERGY FUTURE



OUR VALUED STATEMENTS

VISION

Be Africa's Leading
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MISSION

Promoting Sustainable
Value Creation From
Nigeria's Petroleum
Resources For Shared
Prosperity

VALUES

- Professionalism
- Responsiveness
- Ownership
- Integrity



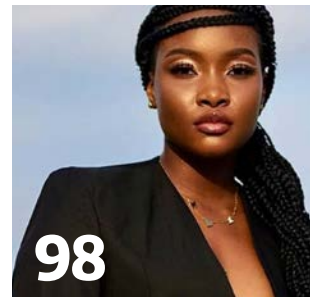
NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION

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UPSTREAM GAZE

PUBLISHER'S NOTE

For Nigeria to attain a prominent position in the global energy supply chain, there is a need for a solid partnerships between critical government institutions and public sector stakeholders.

The potential that Nigeria's hydrocarbon ecosystem offers is well pronounced, yet underutilised. This challenge further highlights the need for cordial public and private partnerships geared towards unleashing the enormous economic potential that has largely remained untapped.

In this edition, you are set to digest in-depth offerings which will elucidate on the need for deepened partnership with the private sector and how investors in the upstream sector can be pivotal to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC)'s grand vision.

This edition will also highlight the commercial viability of gas flaring and the future of gas as a transition fuel. You will also get an insight into the NUPRC's ultimate plan for the upstream sector.

Happy reading!

Engr. Gbenga Komolafe, OFR, FNSE



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DEFINING THE ROADMAP FOR THE FUTURE OF NIGERIA'S UPSTREAM SECTOR

- Rose C. Ndong -

Since the 1970s, Nigeria has been one of the largest oil-producing countries in Africa and a significant player in the global energy market. Until the 1980s when indigenous players ventured into the petroleum E&P business, the exploration and production activities in the Nigerian upstream petroleum sector were primarily carried out by multinational oil companies in partnership with the Nigerian National Petroleum Corporation (NNPC).

The Nigerian upstream petroleum sector, over the years has played a vital role in the country's economy, contributing a significant portion of government revenue and foreign exchange earnings. Ever since oil and gas production started in the country, there have been challenges and opportunities that have impacted its operations and growth.

The various opportunities created in the sector which include local content development, natural gas utilization, foreign exchange earnings, infrastructural growth, job opportunities among others have been harnessed to strengthen the economy whereas the hitherto challenges associated with upstream operations are being tackled. Issues such as gas flaring, environment, security and host community obligations, opening up of new frontiers etc. are being addressed for the industry sustainability.

Also, efforts by the government to end gas flaring, though still ongoing, has been successful so far as it has brought flaring down significantly. Also, the local content law and the PIA were passed and have become laws with clear provisions to boost indigenous capacity, improve efficiency, transparency and create an industry that can stand the test of time. All these are parts of the nation's effort and reform to strengthen the industry to be able to stand the test of time.

The reform is meant to create a viable upstream sector and part of the roadmap to achieving this is the recently passed PIA of 2021. The ultimate objective of the roadmap, of course, is to attain efficiency, transparency, energy sustainability, diversification and conservation, sustained exploration activities, reserve growth and increased daily production capacity, high-tech and safety-driven industry

with respect for host community obligations among others.

The country had in 2004, set ambitious targets to grow oil reserves to 40 billion barrels and production to four million barrels per day by 2010. But when the aspiration was not achieved a fresh deadline was set for 2020 and later, 2023 to raise its oil reserves to 40 billion barrels and crude oil production to three million barrels per day. A new target is being considered to grow our reserves to 40 million barrels increase the gas reserves to 210 Tcf by 2025 and to 220 Tcf by 2030. We need to increase exploration activities in order to achieve these aspirations. But however, the exploration activities to produce the expected growth in reserves have been on the decline ever since, making the actualization of the vision a misery. Nigeria's crude reserves, which stood at 38 billion barrels in 2015, have steadily been declining over the past eight years due to a combination of factors including lack of funds, security challenges in the main oil-producing Niger Delta region and uncertainty over the government's oil sector reform that has stifled investment in new exploration programs.

The delays experienced in the passage of the PIA have been partially attributed to the stagnation of investment. Now, with the passage of the PIA, we might be on the right track to achieve the 40 billion barrels reserves growth.

FACTORS AFFECTING FUTURE OF NIGERIA'S UPSTREAM SECTOR

Challenges include corruption, insufficient local financial support, lack of suitable infrastructures, underdeveloped local contractors, non existence of reliable R&D centers, technical expertise deficiency, volatility of oil prices, pipeline vandalism, lack of government funding for JV assets, Heavy government participation, legislative uncertainty, corruption, and large-scale oil theft, lack of suitable infrastructures, communities' issues, amongst others.

ROADMAP

The roadmap for the future of Nigeria's upstream petroleum sector thus is to implement the following key strategies to achieve the above-stated objectives:

1. Diversification and Energy Transition:
 - Promote diversification of the Nigerian economy away from oil dependency by investing in other sectors such as agriculture, manufacturing, renewable energy, and technology.
 - Encourage the development and adoption of renewable energy sources to support the country's energy transition and reduce reliance on fossil fuels.



THE NIGERIAN UPSTREAM PETROLEUM SECTOR, OVER THE YEARS, HAS PLAYED VITAL ROLE IN THE COUNTRY'S ECONOMY, CONTRIBUTING A SIGNIFICANT PORTION OF GOVERNMENT REVENUE AND FOREIGN EXCHANGE EARNINGS



The PIA provides regulatory support and framework for achieving this mandate by providing frontier exploration fund which be could utilized to deploy world-class cutting-edge technologies to de-risk exploration in frontier basins thereby increasing the nation's reserves base.

As the world moves towards a more sustainable future and emphasis on renewable energy is gaining momentum by the day to address climate change and reduce reliance on fossil fuels, the country will not be left out in this as we will also embark on diversification of energy supply sources.



RESERVES GROWTH ENSURES ENERGY SECURITY BY WAY OF NEW FIELD DISCOVERIES AND RESERVES EXPANSION THEREBY MINIMIZING VULNERABILITIES ASSOCIATED WITH SUPPLY DISRUPTIONS

Thus, there will be continuous investment in oil exploration/reserves growth whilst also investing in renewable energy research, development, and infrastructure.

2. Exploration and Reserves Growth: measures to be taken to attain this include:

- Encourage intensified exploration activities, both onshore and offshore, to identify and develop new oil and gas reserves.
- Opening of the frontier basins for aggressive exploration activities
- Incentivization of deeper drilling to target, explore and develop deeper horizons.
- Leverage advanced technologies, unconventional geophysical data acquisition technologies, data analytics, and seismic imaging to enhance exploration success rates and optimize resource discovery.
- Deployment of high temperature/high-pressure rigs to drill deeper targets.

This will help maintain energy security, economic growth and steady revenue for the government.

Oil exploration and reserves growth ensures a stable

and reliable energy supply to meet the ever-growing demand for energy in various sectors such as transportation, industry, and residential use. Reserves growth ensures energy security by way of new field discoveries and reserves expansion thereby minimizing vulnerabilities associated with supply disruptions.

Increased oil reserves will enable the country to leverage the substantial resources to generate revenue through exports, stimulates economic

activity and creates job opportunities. It will also contribute to GDP growth, tax revenues and foreign exchange earning.

3. Technology and Innovation:

- Embrace technological advancements in the upstream sector, such as digitalization, automation, artificial intelligence, and robotics, to improve operational efficiency, safety, and cost-effectiveness.
- Invest in research and development to develop and deploy innovative solutions for enhanced oil recovery, reservoir management and environmental sustainability.
- Continuous oil exploration would ensure technological advancements in the energy industry. Innovative techniques, such as seismic imaging, horizontal drilling and enhanced oil recovery methods are continually developed to locate and extract oil reserves more efficiently. These advancements not only benefit the oil industry but also have applications in other sectors, such as geophysics, engineering, and environmental monitoring.

4. Regulatory Reforms:

- Ensure continuous and transparent regulatory framework that promotes investment, minimizes bureaucracy, and attracts both local and foreign capital.
- Continuously review and update existing legislation to align with global best practices, enhance transparency, boost local content participation, maximize resource potential, promote optimal utilization and conservation of existing/newly discovered oil/gas resources, promote environmental protection and foster a conducive business environment.

5. Infrastructure maintenance & Development:

- Invest in critical infrastructure, including pipelines, storage facilities, and refineries, to optimize production, reduce operational costs, and support value addition within the country.
- Enhance the transportation and distribution network to minimize crude oil theft, pipeline vandalism, and operational disruptions.

Infrastructure is critical to oil and gas operation right from exploration stage to production, processing, transportation and storage. Regular maintenance and periodic change of infrastructure, where necessary, to ensure durability and production sustainability.

6. Environmental Sustainability:

- Implement stringent environmental regulations and enforce compliance to mitigate the environmental impact of oil and gas operations, including reducing gas flaring, minimizing pollution, and ensuring responsible waste management.
- Encourage the adoption of cleaner technologies, renewable energy solutions and carbon capture, utilization, and storage (CCUS) to minimize greenhouse gas emissions.

7. Community Engagement and Local Content:

- Strengthen community engagement and collaboration to address social and environmental concerns, promote local participation, and ensure the equitable distribution of benefits from petroleum operations.
- Continue to implement policies and programs that enhance local content development, indigenous capacity building, job creation, and the utilization of Nigerian goods, services, and human resources.
- Strengthening of indigenous operatorship program to promote local capacity in E&P business.
- IOCs divestment to present opportunities for asset acquisition by indigenous companies.

8. Partnerships and Collaboration:

- Foster partnerships and collaboration between the Nigerian government, international oil companies (IOCs), national oil companies, and other stakeholders to leverage expertise, technology transfer, and

financial resources.

- Encourage joint ventures, production sharing contracts, and strategic alliances to drive investments, optimize resource extraction, and promote knowledge exchange.

9. Data Management and Transparency:

- Establish a robust data management system to ensure accurate, accessible, and up-to-date information on reserves, production, and revenue generation.
- Enhance transparency and accountability through regular reporting, auditing mechanisms, and public disclosure of relevant industry information.

10. Adequate safety and security measures:

- Implementation of robust security measures to protect personnel, terminate the incidence of crude theft and oil/gas infrastructure vandalism.

11. Gas flare commercialization and monetization:

- Capturing and utilizing gas that is traditionally burned off (flared) during oil production operations. This is highly beneficial as it will boost revenue generation, environmentally beneficial and is a ready source of energy supply. Approaches to gas commercialization include gas-to-power projects, industrial applications, and natural gas sales. This offers valuable opportunities to reduce waste, mitigate environmental impact, foster economic development and contribute to a more sustainable energy future.

12. Stakeholder Engagement and Capacity Building:

- Foster inclusive dialogue and collaboration among government, industry players, communities, civil society organizations, and academia to address concerns, align interests, and shape the sector's future in a sustainable and inclusive manner.
- Invest in skills development, education, and training programs to build a competent and diverse workforce that can meet the evolving demands of the upstream sector.

The process of implementing this roadmap requires a long-term commitment, coordinated efforts, and proactive measures from the government, industry stakeholders, and the wider society. It aims to ensure the sustainable development of Nigeria's upstream petroleum sector, maximize value creation, and support the country's overall economic growth and socio-environmental well-being.

CONCLUSION

The future of The Upstream Sector in Nigeria's oil and gas industry is not because the Nigerian Petroleum Province is prolific, and hydrocarbons will continue to play a significant role in meeting global energy demand. ■

EXPLORATION OF ROLE OF NUPRC IN SUSTAINABLE ALTERNATIVES FOR CRUDE OIL THEFT VESSELS DISPOSAL IN NIGERIA

- **Tam-miete D BRIGGS** (Manager Health & Safety)

Ibrahim Illo Muhammad (Manager Environment, Community & Sustainability) -



The current management team of the NUPRC has developed and nurtured a fantastic relationship with various arms of the armed forces and other security agencies. The NUPRC is also mandated to play significant roles in the security architecture in Nigeria by providing technical and discipline-specific scientific assistance to various Government Security Forces

in ensuring a safe, secure, and sustainable upstream petroleum operations in Nigeria. Today in line with Sections 26 and 27 of the PIA (2021) there exists a strong joint collaborative effort by the NUPRC and Government Security Forces in preventing, investigating, and prosecuting crude oil theft and other illegal upstream activities in Nigeria.

Section 26 of the PIA grants special powers to the Commission including the powers to inquire, inspect, examine, or investigate any business or activity relating to upstream petroleum operations under this Act, where it believes that illegal upstream petroleum operations are going on. Section 27 of the PIA, 2021 also specifies that the special powers of section 26 shall be performed by the Special Investigation Unit (SIU) of the Commission, or any person authorized by the Commission. Section 26-1(i) also states that in conjunction with the Nigeria Police or other law enforcement agencies, the Commission can arrest with a warrant, any person reasonably believed to have committed an

offence under the PIA.

It is noteworthy that the illicit theft of crude oil remains a pressing issue in many regions, and Nigeria is no exception. In 2013, the Algerian energy authority reported losing US\$1.3 billion a year because of fuel smuggling to neighboring countries.

Country affected by oil theft	Oil theft producer or market	Key oil theft issue	Per cent of tax/GDP (year)
Algeria	Producer	Subsidized fuel smuggled to Tunisia/Morocco	14.1 (2017)
Azerbaijan	Producer	Crude smuggled to Armenia, Georgia, Turkey, Russia, Ukraine	14.3 (2019)
Benin	Market	Fuel smuggled from Nigeria	14.0 (2018)
Brazil	Market	Fuel adulterated at retail stations, bribery	14.0 (2019)
Cambodia	Market	Subsidized LPG smuggled from Thailand	19.7 (2019)
Colombia	Market	Smuggled from Venezuela, Ecuador	15.1 (2019)
Ghana	Transfer	Crude smuggled from Nigeria	12.3 (2019)
India	Market	Fuel adulterated with subsidized kerosene	12.0 (2018)
Indonesia	Producer/market	Illegal STS fuel transfers	9.8 (2019)
Iran	Producer	Subsidized fuel smuggled to Turkey	7.4 (2009)
Iraq	Producer	Fuel smuggled to Syria, Iran	1.3 (2019)
Jordan	Market	Subsidized fuel smuggled from KSA	14.8 (2019)
Kenya	Market	Fuel adulteration	15.9 (2019)
Libya	Producer	STS smuggled subsidized fuel to EU	1.2 (2012)
Malaysia	Producer/market	Fuel smuggled to Thailand	12.0 (2019)
Mexico	Producer/market	Fuel theft, distribution, sales, smuggling	13.1 (2019)
Morocco	Market	Subsidized fuel smuggled from Algeria	21.4 (2019)
Mozambique	Market	Fuel adulteration with kerosene (fixed) dumping of (untaxed) transit fuel	27.1 (2019)
Myanmar	Market	Subsidized LPG smuggled from Thailand	5.8 (2019)
Nigeria	Producer/market	Fuel and crude theft, illegal refining, fuel adulteration, sales, smuggling	8 (2019)
Pakistan	Market	Subsidized fuel smuggled from Iran	12.8 (2017)
Philippines	Market	Fuel adulteration	14.5 (2019)
Russia	Producer	Fuel smuggled to EU	10.9 (2019)
Serbia	Market	Fuel smuggling from Bosnia, Romania	24.1 (2019)
Tanzania	Market	Fuel adulteration with kerosene (fixed)	11.5 (2019)
Thailand	Market	Fuel smuggled from Malaysia	14.7 (2019)
Tunisia	Market	Subsidized fuel smuggled from Algeria	21.1 (2012)
Turkey	Market	Oil smuggling from Iraq, Iran, Syria, Azerbaijan	16.5 (2019)

Source: Romsom, E. (2022) as published in the United Nations University World Institute of Development and Development Research (UNU-WIDER) Paper on Global Oil Theft: Impact and Policy Responses



Plate 2: Interception of various marine vessels used for oil theft in Nigeria

To combat this menace of crude oil theft and vandalism, the Nigerian armed forces have devised various strategies in preventing, intercepting and prosecuting perpetrators with various degrees of effectiveness. Private security firms have also been hired in a move to ensure local content and the deployment of

local knowledge of the challenging terrain of the Niger Delta Creeks and Swamps. Along with private security in the course of these interventions there has been the drastic measure of sometimes destroying vessels used in these illegal activities.

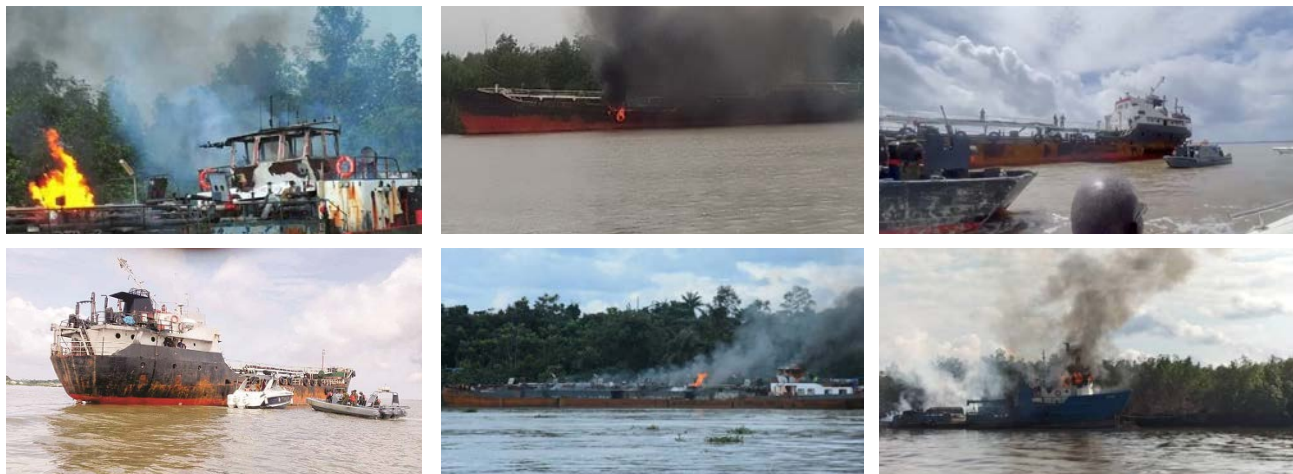


Plate 3: Destruction of Marine Vessels used for Crude Oil Theft and Economic Sabotage

THE IMPACTS OF VESSEL DESTRUCTION

While the intention is to curb crude oil theft, the approach of outright destruction raises concerns about environmental impact, economic losses, and potential escalation of tensions. This section delves into the impacts of such actions and proposes alternative strategies for vessel disposal that are both effective and sustainable. The following impacts are easily identified as a result of vessel destruction during combat actions against crude oil theft:

1. Environmental Fallout and Health Impacts: The destruction of vessels through blowing them up can lead to oil spills and marine pollution, causing harm to aquatic life, coastal ecosystems, and local communities that depend on these resources. The ecological impact can be far-reaching and long-lasting, undermining the very environmental conservation efforts the actions aim to uphold. Environmental and Health Impacts due to the release of oil from destroyed vessels can have immediate and long-term impacts on the environment and public/host community health. Aquatic ecosystems, wildlife, and local communities that rely on the delta's resources are at risk from increased exposure to oil and its toxic components.

2. Economic Losses: The outright destruction of vessels can result in substantial economic losses, not just for the owners of the seized vessels but also for local economies that rely on legitimate maritime activities. Destruction of vessels can disrupt legal shipping, fishing, and other

maritime industries, negatively affecting livelihoods and economic stability.

3. Escalation of Tensions: The destruction of vessels may lead to an escalation of tensions and potentially violent responses from criminal elements involved in crude oil theft. This can endanger the lives of security personnel, innocent bystanders, and the very communities these actions aim to protect.

4. Increased Oil Contamination and Further Spread of Oil: The destruction of vessels can result in the release of stored crude oil into the water, leading to a sudden and concentrated pollution event. This adds to the existing burden of oil contamination in the Niger Delta, making cleanup efforts more challenging. The oil released from destroyed vessels can spread quickly due to the currents and tides in the Niger Delta. This dispersion can lead to oil coating a larger area, affecting a broader range of ecosystems, communities, and livelihoods.

5. Impaired Cleanup Operations: Cleanup efforts in the Niger Delta are already complex due to the vastness of the affected region and limited resources. The sudden release of additional oil from destroyed vessels overwhelms cleanup teams, making it harder to address both the new pollution and the ongoing legacy of oil spills.

6. Contaminated Infrastructure: Oil spills resulting from the destruction of vessels can further damage local infrastructure, such as fishing equipment, farmlands,

and drinking water sources. This complicates and compounds the socio-economic challenges faced by the communities in the Niger Delta.

7. Complications of already strained clean-up and remediation efforts: Oil spill cleanup and remediation are already slow processes due to logistical, technical, and financial constraints. The additional pollution caused by destroyed vessels sets back the recovery process, prolonging the restoration of the affected areas.

8. Heightened Community Tension and Anxiety: In communities with crude oil infrastructure, the destruction of marine vessels involved in crude oil theft can heighten community tension and anxiety. These communities are already directly affected by the presence of oil operations and the associated environmental and socio-economic challenges. When vessels are destroyed, it can exacerbate existing grievances and create new sources of tension including from loss of livelihood; environmental degradation; disruption of daily life; escalation of conflicts; and worries of reprisal attacks from crude oil thieves who usually accuse villagers of providing the Government with intelligence information.

EXPLORING SUSTAINABLE ALTERNATIVES

Considering these complications, adopting alternative strategies to deal with vessels engaged in crude oil theft can help mitigate the environmental and socio-economic impacts. Focusing on interception, prevention, community engagement, and the underlisted sustainable approaches rather than destruction can contribute to long-term solutions that safeguard the Niger Delta's delicate ecosystem and promote its recovery:

a) Asset Seizure and Product Recovery: Seized vessels could be treated as assets that are confiscated and then the crude oil recovered and prepared for export. Such seized vessels could also be scrapped, and money recovered back to government coffers.

b) Asset Auction: The vessels could also be auctioned off by the government. The funds generated from such auctions could be reinvested in community development projects, environmental restoration, or maritime safety initiatives. Resource redistribution whereby the Government channels resources from seized vessels into community projects, such as infrastructure development, educational programs and healthcare initiatives can also improve the quality of life for affected communities.

c) Vessel Repurposing and Conversion: Instead of outright destruction, seized vessels could be repurposed and converted for alternative beneficial uses. For instance, these vessels could be adapted for research, coastal patrolling, or maritime training purposes. Seized vessels could be allocated for environmental cleanup projects, such as oil spill response and remediation efforts. This not only helps in repairing the damage caused by oil theft but also contributes to preserving the environment. By repurposing these vessels, the environmental impact and economic losses associated with destruction can be mitigated.

d) Public-Private Partnerships: Collaborating with private entities and non-governmental organizations, the government could establish programs to rehabilitate and repurpose seized vessels. This approach could create jobs, support local economies, and contribute to sustainable development. For instance, community development programs that can transform seized vessels into floating educational facilities, medical clinics, or vocational training centers for communities in need can be explored. This approach addresses local needs and fosters positive relationships.

e) Educational Initiatives: Repurposed vessels could serve as platforms for educational and awareness campaigns focused on environmental conservation, maritime safety, and responsible resource management. These initiatives could engage local communities, encouraging their participation in safeguarding their natural resources.


f) Negotiation and Diplomacy: In cases where vessels are linked to criminal organizations, negotiation and diplomacy could be employed to address underlying issues and encourage a shift towards legitimate activities. This approach would prioritize addressing the root causes

of crude oil theft rather than solely focusing on the vessels themselves.



CONCLUSION

The horizon of possibility stretches wide, offering alternative paths to address crude oil theft without compromising our environment or national interests. Addressing crude oil theft is undoubtedly a complex challenge, and the actions of the Nigerian Navy and private security firms highlight the urgency to find effective and sustainable solutions. While vessel destruction may seem like a quick fix, its environmental, economic and social repercussions cannot be ignored. ■



TURNING EMISSION INTO OPPORTUNITY: HOW NUPRC'S GAS FLARE COMMERCIALISATION IS PROMOTING A SUSTAINABLE ENERGY FUTURE

- Nze David Ugorji -

Gas flaring has been a long-standing concern within Nigeria's energy sector. The nation ranks among the world's top offenders in terms of gas-flaring volumes, with an estimated 80 billion standard cubic meters of gas, valued at approximately N9 trillion flared as part of its oil production operations between 2012 and 2022.

This profligate practice not only results in significant financial losses for the nation but also contributes substantially to carbon emissions and various other pollutants into the atmosphere.

For a nation seeking to achieve net zero carbon emissions by 2060, gas flaring presents a substantial

impediment to the nation's environmental ambitions. These profound repercussions on both the environment and the economy, therefore, emphasize the pressing need for sustainable solutions to alleviate the excessive practice and optimize energy efficiency.

As it has shown in recent years, Nigeria is not oblivious to the perils of gas flaring. The enactment of the Petroleum Industry Act (PIA) in 2021 particularly marked a critical milestone in the country's commitment to addressing this issue. The PIA remarkably includes provisions that incentivize and promote the reduction of gas flaring, setting a path toward a greener and more economically viable future. A notable feat of the PIA is the establishment of the



CAPTURING AND HARNESSING THIS GAS WILL SEE THE COUNTRY SIGNIFICANTLY REDUCE ITS CARBON FOOTPRINT AND MOVE CLOSER TO ACHIEVING ITS CLIMATE GOALS



Nigerian Upstream Petroleum Regulatory Commission (NUPRC) to supervise and regulate upstream production processes and practices.

The NUPRC, led by Engr. Gbenga Komolafe since its institution, has undertaken the crucial task of reducing wastage and environmental degradation resulting from gas flaring in a provident fashion. One of the critical efforts by the Commission toward achieving its mission is the successful gazetting and signing of the Gas Flaring, Venting and Methane Emission (Prevention of Waste and Pollution) Regulations after comprehensive rounds of consultations with stakeholders in the oil and gas sector.

What has perhaps stood out in the NUPRC's drive to achieve zero routine flaring as desired are its efforts towards the commercialisation of gas flaring. To achieve its ambitious goals, the Commission is working to create an enabling environment that involves the development of infrastructure, regulatory frameworks, and incentives to encourage oil and gas companies to invest in gas capture and utilisation technologies.

Gas flare commercialisation is a simple but effective concept. The process entails capturing and utilising the natural gas that is traditionally flared as waste during oil extraction and production activities. Rather than allowing the release of gas into the atmosphere as has been the standard practice in Nigeria over the years, it is collected and converted into a valuable resource that can be sold or used for various purposes.

A key motivation behind gas flare commercialisation is the reduction of carbon emissions. And, to put it succinctly, Nigeria cannot afford to continue burning off valuable natural gas as it strives to meet its international climate commitments and transition to a greener and more sustainable energy future. Capturing and harnessing this gas will see the country significantly reduce its carbon footprint and move closer to achieving its climate goals. Per its ambitions, Nigeria aims to take out about 15 million tonnes of CO₂ from the atmosphere and through the monetisation of gas burned from oil fields.

Moreover, the economic implications of this shift are substantial. The gas that was once lost to the atmosphere can now be captured, processed, and sold as a valuable energy resource. This represents a potential windfall for Nigeria, both in terms of revenue generation and energy security. The country can ultimately realise a huge boost in its economic growth, job creation, and energy diversification.

NUPRC Chief Executive Engr. Gbenga Komolafe has repeatedly emphasised the prevailing sentiment that, unlike other nations worldwide, Nigeria cannot completely phase out natural gas but should instead use it as a transitional fuel.

"For us here in Nigeria, gas has been adopted as our transition fuel to drive the industrialisation of the nation's economy is in line with the expectations of the Decade of Gas initiatives launched by the Government," Engr Komolafe reiterated at the NGFCP 2022 Bidders Conference & Investors Forum in February.

The Commission's actions are indeed backing that position and promising success. The relaunch of the Nigerian Gas Flare Commercialisation Programme (NGFCP) has, in particular, set in motion plans to achieve zero routine flaring within this decade, with competent third-party investors allowed to bid for flare sites in a transparent bid process.



FOR US HERE IN NIGERIA, GAS HAS BEEN ADOPTED AS OUR TRANSITION FUEL TO DRIVE THE INDUSTRIALISATION OF THE NATION'S ECONOMY IN LINE WITH THE EXPECTATIONS OF THE DECADE OF GAS INITIATIVES LAUNCHED BY THE GOVERNMENT

Last month, the NUPRC achieved a historic feat in Nigeria's hydrocarbon exploration and production, with 42 oil and gas companies winning a keenly contested gas flare commercialisation bid round. In the keenly contested bid for 49 flare sites, 38 of the companies received contracts for the development of 40 standalone flare sites, while four others were granted rights to develop nine sites as clusters.

Since it became saddled with the responsibility of ensuring operator's adherence to best global practices in oil exploration, what the NUPRC has done impressively is its engagement of all relevant stakeholders. And it intends to sustain the practice of transparency.

The Commission has recently established a platform known as 'The College' where multilateral organisations and pertinent stakeholders engage in extensive discussions and innovative idea generation. With the critical purpose of expediting the benefits of gas flare commercialisation and the realisation of Nigeria's net-zero emissions target, The College will serve as a pivotal hub for collaborative efforts and knowledge exchange.

Gas flare commercialisation aligns with the global trend of adopting cleaner energy sources and if successfully achieved, promises to boost Nigeria's reputation on the international stage. A realisation of the NUPRC's commercialisation objectives will certainly position the country to attract foreign investments and partnerships in the renewable energy and sustainability sectors.

There has never been a better time to reshape Nigeria's energy landscape and significantly contribute to the country's decarbonisation efforts. The commercialisation of gas flaring efforts being championed by the Commission means the country can fully set its sights on creating a more sustainable and prosperous future for its citizens. ■



“ENERGY TRANSITION REGIME: LEVERAGING INVESTMENT OPPORTUNITIES IN THE NIGERIAN UPSTREAM PETROLEUM SECTOR”

SPEECH DELIVERED BY THE COMMISSION CHIEF EXECUTIVE (NUPRC)

- ENGR. GBENGA KOMOLAFE, OFR, FNSE -

AT THE 2023 AFRICA OIL WEEK (AOW) [MAXIMISING AFRICA'S NATURAL RESOURCES IN THE GLOBAL ENERGY TRANSITION]

CAPE TOWN, SOUTH AFRICA | 9–13 OCTOBER 2023

I am extremely delighted and highly honoured to speak to this esteemed audience at the 2023 Africa Oil Week (AOW) themed: "Maximising Africa's Natural Resources in the Global Energy Transition". The theme is indeed apt as it will interrogate our thinking at this critical time of energy sustainability and value optimization in the African energy sector for sustainable economic development and shared prosperity.

2. Ladies and Gentlemen, you would agree with me that Africa Oil Week has over the years been consistent in delivering high-quality content and creating networking opportunities; bringing together a broad spectrum of stakeholders from the oil and gas industry and providing an excellent platform for them to interact and facilitate new business and partnership opportunities in the African oil and gas sector. Today, the Organisers have again gathered some of the brightest minds in the petroleum industry at this 2023 edition to foster multi stakeholder engagement. This edition promises to deliver robust discussions on sustainable development of Africa's oil and gas sector with robust decarbonization strategies. I will be contributing to the discourse today by speaking on the topic: **"Energy Transition Regime: Leveraging Investment Opportunities In The Nigerian Upstream Petroleum Sector"** in view of the events of the recent years dictated by climate change and energy crises.

3. Distinguished ladies and gentlemen, the commitments from the Paris Agreement of 2015 and subsequent UN Climate Change Conferences, in which Nigeria actively participated, requiring us to pursue efforts to limit global temperature rise to within 1.5 °C – 2.0 °C of pre-industrial levels. Since the landmark Paris Agreement came into effect, more and more countries, and entities are establishing carbon neutrality targets, which in turn have sparked competitive low-carbon solutions as well as created many new business opportunities and new markets globally.

4. Hence, fossil fuels, oil and gas inclusive, face enormous pressures from investors, financiers, shareholders, technology providers and environmental rights groups. The International Energy Agency's (IEA's) latest World Energy Investment report indicates that "investment in clean energy technologies is significantly outpacing spending on fossil fuels ..." driven partially by significant spendings from the oil and gas majors who have transformed into multi-energy companies in order to diversify their energy mix and reduce their carbon footprint. Governments and energy companies are supporting major R&D and demonstration projects in key areas such as low-emission hydrogen-based energy, lithium-ion and lithium-free batteries for electric vehicles, CCUS and other critical energy technologies.

5. Whereas the global context may be perceived to be driven primarily by climate and environmental actions,

the impacts of energy geopolitics, global resource disposition & control, technology and access to finance cannot be overlooked. Thus, the evolving dynamics of energy must be calibrated against geography, history and politics as well as the need for energy justice, equity, inclusivity and sustainability. At the annual Summit held in May 2023 in Japan, the G7 Ministers of Climate, Energy and the Environment agreed on "pursuing the common goal of net zero in various pathways that maximally introduce utilizing renewable energy and energy-saving technologies in accordance with each country's situation in order not to hinder economic growth ...". This position was also re-echoed in the September 2023 G20 New Delhi summit during which the world leaders agreed that "national circumstances" will be factored into the phasing down of fossil fuels. Likewise, at the just concluded 78th session of the United Nations General Assembly, the global leaders agreed that "... transition must be just and equitable and address the needs of communities and economic actors who could potentially be left behind ... 'and that' ...the transition from fossil fuels to renewables would not be successful or sustainable without country-tailored financial instruments".

6. The world leaders' stance was in recognition of the devastating impacts of the unprecedented global energy crisis which has derailed the global energy transition plans. Interestingly, this blueprint for country-tailored pathways to energy transition aligns perfectly with Nigeria's stance on "just transition". So, whereas the global imperatives for energy transition are clear and justified, need for the global energy security, economic development and prosperity cannot be overemphasised. For us in Nigeria, energy transition presents grand opportunities to deepen energy security in an environmentally sustainable manner.

7. As a country, Nigeria boasts of 36.966 Billion Barrels of oil which ranks her 2nd in Africa, 8th in OPEC and 11th in the World. Nigeria is also richly endowed with 208.83 Trillion Cubic Feet of Natural Gas reserves with upside potential estimated at 600 TCF. Aside from hydrocarbon potential, Nigeria is blessed with the potential for green and blue hydrogen, solar, wind, biomass and other sources of renewable energy to leverage for the right energy mix in the energy transition regime as well as critical minerals such as lithium, manganese, copper, graphite and nickel for the development of clean energy technologies. Solid Minerals Development Fund (the Nigerian mining sovereign wealth fund) recently declared that "Nigeria's mining sector boasts 44 different types of commercially viable minerals worth an estimated \$700bn" (<https://www.swfinstitute.org/>).

8. Indeed, Nigeria's potential is derived from its human, natural and material resources which must be mobilized for its sustainable energy future. Mobilizing the deployment of renewable energy solutions in the country, while promoting the effective conduct of petroleum

operations in an environmentally acceptable and sustainable manner as provided in Sections 6d & 31c of the Petroleum Industry Act, 2021 (PIA), provides the Nigerian government with a viable path for solving the energy access crisis in the country to propel the country on a path of economic growth and development.

9. Unfortunately, in the years preceding the enactment of the PIA (2021), investments in the Nigerian oil and gas industry declined mostly due to regulatory uncertainty, de-funding of fossil fuel development occasioned by energy transition and the global call for decarbonization. Most IOCs deprioritized Nigeria in their portfolios leading to the redirection of CAPEX to other countries with attendant dwindling investment in Nigeria's upstream sector. This led to a decrease in the total annual upstream capital expenditure from \$27 billion in

implementation by the Nigerian Upstream Petroleum Regulatory Commission (the Commission). The projected outlook over the next few years looks promising, and as the regulator in the oil and gas upstream sector, we are leveraging on this opportunity by doing all that is necessary to attract more investments and revamp the Nigerian upstream sector.

11. Distinguished Industry Stakeholders, the oil and gas industry in Nigeria has embraced the reality of green transition and environmental sustainability as envisaged in the Petroleum Industry Act, 2021 (PIA). The future we foresee for the petroleum industry is one that should assure for the utilization of Nigeria's endowed natural hydrocarbon resources for shared prosperity, energy accessibility, affordability, sustainability, security as well as energy independence and energy sovereignty. Those



the year 2014 to less than \$6 billion in 2022 representing a 74% decrease in CAPEX. Additionally, increasing competition from regional peers also led to a decrease in the proportion of the overall upstream investment attracted to Nigeria.

10. This under-investment impacted negatively on the country's rig count. On average, Nigeria had seventeen (17) active oil rigs in 2019 representing one of the highest counts in the African continent as of then. The average rig count declined to eleven (11) in 2020, seven (7) in 2021 and 10 in 2022, but recently grew to as high as thirty-one (31) by August 2023, a positive signal of new investments trickling into the country. The relatively high crude oil prices may have contributed to the increase in activities in the petroleum upstream sector, but it is also a reflection of investors' acceptance of the PIA and its effective

are the cardinal pillars of the **Nigeria Energy Transition Plan** upon which the Nigerian Government declared natural gas our immediate transition fuel; being an energy source with a lower carbon footprint compared to other fossil fuels. Unfolding events have equally shown that natural gas is our destination fuel, with a projection that gas will form a significant part of the energy mix for Nigeria by the year 2030 and beyond.

12. In recognition of this, Government has designed the Decade of Gas programme to ensure that gas actually plays a role in lift us from the challenges that confront us in order to drive sustainable development. At the heart of this programme is the vision to drive infrastructure and industrial development of Nigeria in order to prosper our citizens and make life more meaningful. The work done so far has aggregated the gas

demand and supply views, infrastructure requirements and the suitable pricing framework which will serve as the enabler for unlocking the investments required. That work reveals that growth in gas demand outstrips supply. Between 2020 and 2030, demand is expected to grow at a compound annual growth rate of 16.6% p.a. and Nigeria may face an impending gas supply crisis with a potential shortfall of 3.1 bcf/day by 2030.

13. However, Natural gas production is projected to increase from 8.0 bcf/d in 2020 to 12.2 bcf/d in 2030 driven by major projects such as NLNG Train 7 & Train 8, Nigeria/Morocco pipeline, Ajaokuta-Kaduna-Kano (AKK) Natural Gas Pipeline Project, and so many other gas projects. In just a decade, the demand landscape could change exponentially. The import of this is to showcase opportunities for both the existing investors and new entrants in the Nigerian upstream gas sector.

14. Distinguished guests, Ladies and Gentlemen, permit me at this time, to reiterate the generous fiscal incentives in the Petroleum Industry Act (2021), which investors are encouraged to leverage. The incentives include: zero-hydrocarbon tax for deep water developments, reduced royalty rates based on production and terrains, and tax consolidation provisions amongst others. In the implementation of the PIA, the Nigerian Upstream Petroleum Regulatory Commission (the Commission) has benchmarked our practices with the best international standards targeted at achieving Reduced Unit cost per barrel.

- Transparency in hydrocarbon accounting
- Operational efficiency
- Conducive operating environment
- Increase in oil and gas reserves and production.
- Reduction in Carbon footprint

15. Ladies and Gentlemen, our drive to grow oil and gas reserves and boost production for energy security offers huge investment opportunities in exploration and development. But, alongside this are also huge investment opportunities for deployment of the decarbonization technologies to ensure environmental sustainability. To support this drive, the PIA mandates that only projects with gas utilization plan in the upstream sector will be approved or sanctioned.

16. Accordingly, the Commission has intensified efforts towards eliminating flared gas while arresting methane and other fugitive gas emissions, by commercializing forty-nine (49) flare sites through the Nigerian Gas Flare Commercialization Program (NGFCP). The significance of this is that more gas would be available for domestic utilization as Liquefied Petroleum Gas (LPG), feedstock for power generation plants, fertilizer plants, petrochemicals and export. Further investment opportunities are also available in the licencing rounds, which would be conducted more frequently in line with the provisions of

the PIA and the relevant Regulations, Seismic acquisition on multiclient basis, development of deeper hydrocarbon opportunities, etc. Each of these areas provides a unique entry point for willing investors.

17. Also in response to the dynamics of the energy transition and reduction in global carbon footprint, the Commission, as the industry's upstream petroleum regulator, has embarked on the development of a regulatory framework for carbon pricing system, in line with the Africa Carbon Markets Initiative (ACMI), as part of the efforts to shape and harness the potential of carbon markets in the upstream oil and gas sector in Nigeria. A new Department in the Commission, known as the **"Energy Transition and Carbon Monetization"**, is saddled with the responsibility of midwifing appropriate regulations and activities for the oil and gas upstream energy transition and carbon market. Consequently, industry stakeholders in Nigeria are increasingly embracing these climate action initiatives targeted at emissions reduction while ensuring that opportunities arising from increasing demand for credit in the voluntary Carbon Markets do not elude them. More so, the ongoing pilot study on Carbon Capture Utilisation and Storage (CCUS) projects in Nigeria is an important step in our decarbonization journey.

18. Distinguished Ladies and Gentlemen, let me at this point reassure willing investors that the implementation of the Host Communities Development Trust (HCDDT) provisions of the PIA have restored confidence and created a more cordial relationship between the host communities and the operators. The Commission, in carrying out its oversight roles, has registered ninety 90 HCDDTs. In addition, the Commission has partnered with an OEM to develop an intelligent, digital, automated platform for reporting, monitoring and transparent administration of the HCDDTs for sustainable operations in the Nigerian communities.

Conclusion

Ladies and gentlemen, permit me to conclude by remarking that Nigeria as a nation-state is suitably positioned to become a superpower in the unfolding energy transition given its population of over 200 million people and abundant energy sources to achieve the right energy mix. In the words of Robert Redford: **"Problems can become opportunities when the right people come together"**. Let us accept this Africa Oil Week as a call for action and a charge for enhanced collaboration in unlocking the vast opportunities for cleaner development and energy security. Nigeria is a nation where needs meet opportunities, and we look forward to collaborating with you to unlock the full potential of Nigeria upstream petroleum sector in environmentally sustainable manner.

Thank you for listening

AOW

AFRICA OIL WEEK

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The Nigeria
Upstream
Petroleum
Regulatory
Commission
(NUPRC)
**2023 Africa
Oil Week
(AOW)** photo
story In Cape
Town, South
Africa.



Engr. Komolafe and other participants at the NUPRC Exhibition Stand

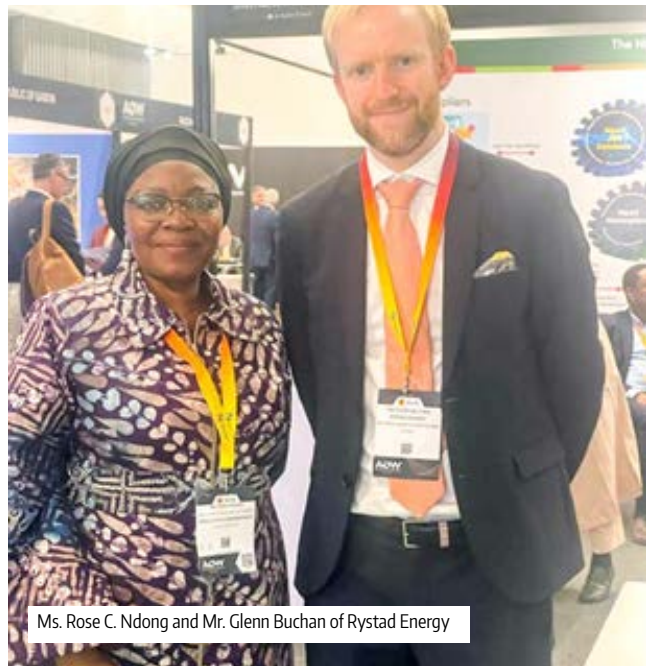
Visitors at the NUPRC Exhibition stand at the AOW 2023 Event



Engr. Komolafe (3rd from left); with other participants at the AOW 2023 Conference



Engr. Gbenga Komolafe and Ms. Rose C. Ndong



Ms. Rose C. Ndong and Mr. Glenn Buchan of Rystad Energy



The NUPRC CCE, Engr. Gbenga Komolafe (2nd from right); E.C. Exploration & Acreage Management, Ms. Rose C.Ndong (4th from right), with other AOW participants.



ENERGY TRANSITION REGIME: LEVERAGING INVESTMENT OPPORTUNITIES IN THE NIGERIAN UPSTREAM PETROLEUM SECTOR

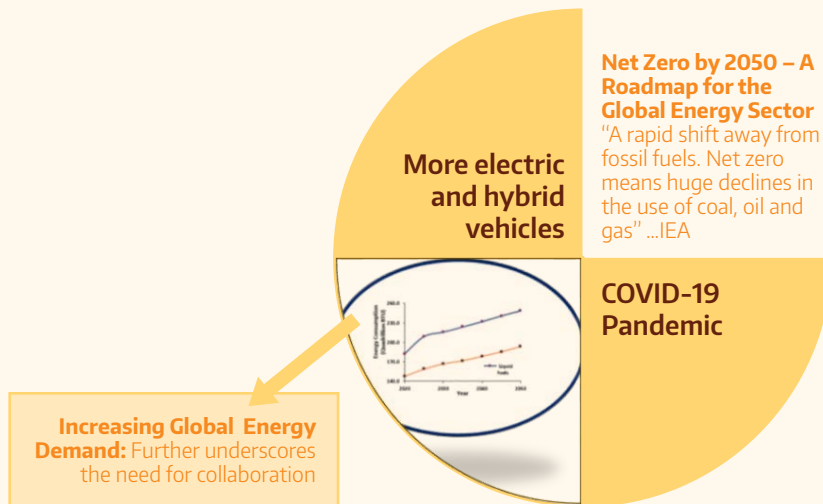
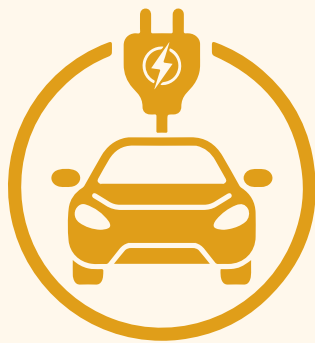
- **Engr. Gbenga Komolafe**, OFR, FNSE -
Commission Chief Executive

Objectives



- Global Mandate on Climate Actions; Implications on Energy Sector
- Harnessing the vast energy resources and critical minerals in Nigeria
- Enabling Business through Decade of Gas, Deployment of Green Technologies in Upstream Development
- Fiscal Provisions, Gas Pricing (Domestic & Export), Gas-Based Industries
- More on Upstream Investment Opportunities, Sustainable Development (HostCom & Environment)
- A call for action and a charge to collaborate; Promoting Partnerships & Enabling Investments

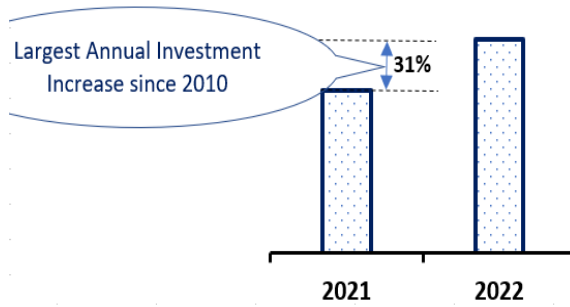
Understanding Today's World & Challenges



TARGETS
 Limit global warming to 1.5oC above preindustrial levels. Act now to reduce emissions by 45% by 2030 and reach net zero by 2050

"investment in clean energy technologies is significantly outpacing spending on fossil fuels ..." ...IEA

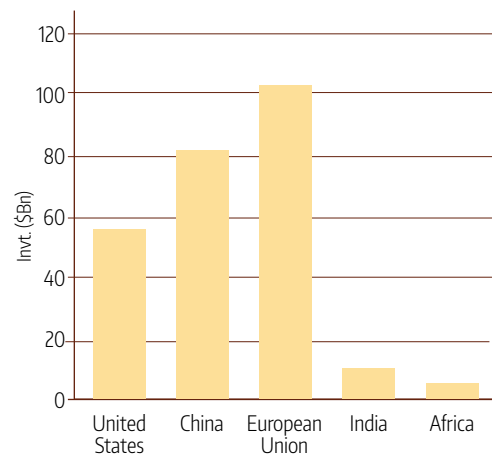
Global Investment in Green Technologies



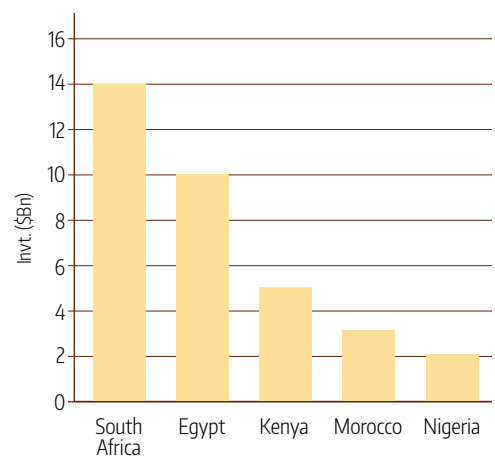
Data Source: BloombergNEF

Investment in Renewable Energy

S/N	Country/Continent/Region	Inv. (\$Bn)	Source
1	United States	55	U.S. Energy Information Administration (EIA)
2	China	83	International Energy Agency (IEA)
3	European Union	102	IEA
4	India	11	IEA
5	Africa	6.5	International Renewable Energy Agency (IRENA)



S/N	Country	Inv. (\$Bn)	Source
1	South Africa	14	South African Department of Energy
2	Egypt	10	New and Renewable Energy Authority (NREA) of Egypt
3	Kenya	5	Kenya Renewable Energy Association (KEREAA)
4	Morocco	3	Moroccan Agency for Sustainable Energy (MASEN)
5	Nigeria	2	Nigerian Electricity Regulatory Commission (NERC)



World Leaders on Green Transition

...transition must be just and equitable and address the needs of communities and economic actors who could potentially be left behind...
...the transition from fossil fuels to renewables would not be successful or sustainable without country-tailored financial instruments

Climate Ambition Summit – Chair’s Summary at the 78th session of the United Nations General Assembly:

 20th September 2023

 New York

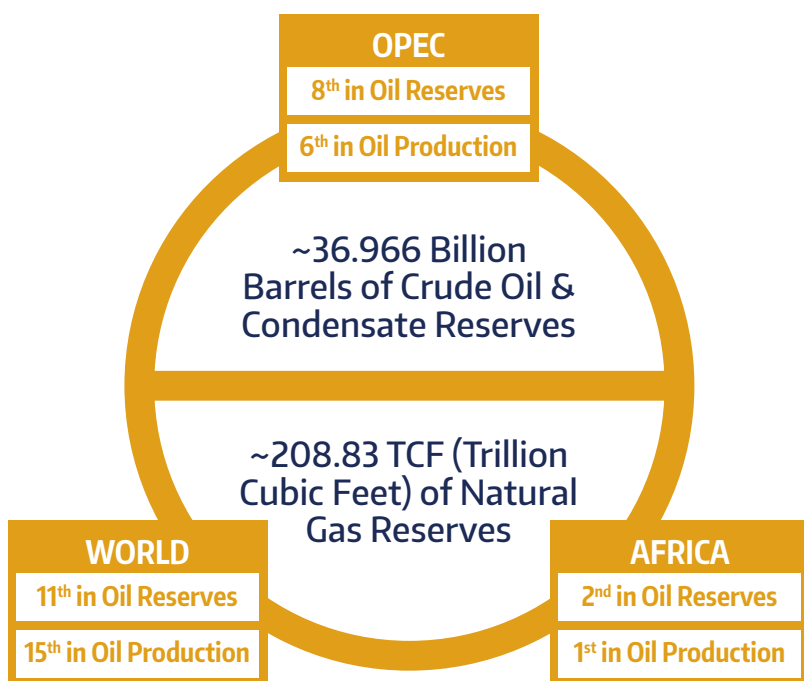
The resolution of the G7 Ministers of Climate, Energy and the Environment following recent annual Summit held on

15th May 2023 

Japan 

“pursuing the common goal of net zero in various pathways that maximally introduce utilizing renewable energy and energy-saving technologies in accordance with each country’s situation in order not to hinder economic growth, with the understanding of energy security, climate crisis and geopolitical risks in an integrated manner”.

Energy Resources



1 Potentials for green and blue hydrogen, solar, wind, biomass and other sources of renewable energy

2 Critical minerals such as lithium, manganese, copper, graphite and nickel for development of clean energy technologies

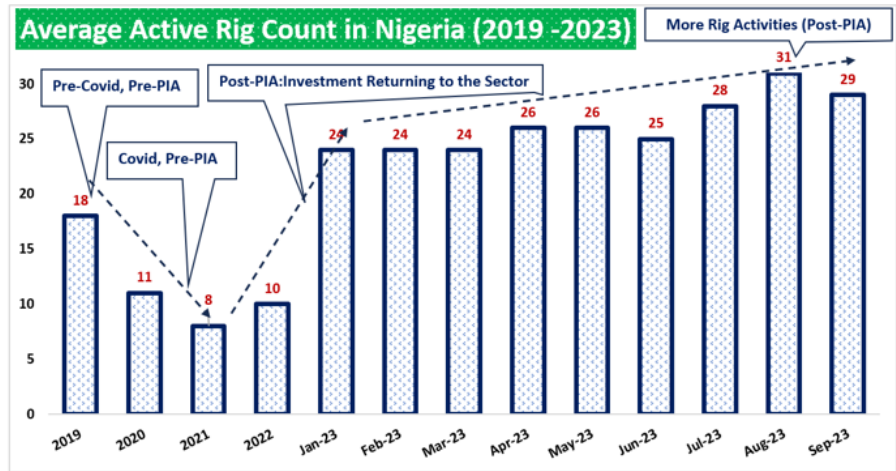
3 Forty-Four (44) different types of commercially viable minerals worth an estimated \$700bn as declared by Solid Minerals Development Fund

(<https://www.swfinstitute.org/>)

Post PIA: Inflow of Investment

Decarbonisation story will need to incorporate into Field Development Plans (FDPs) in order to attract funding.

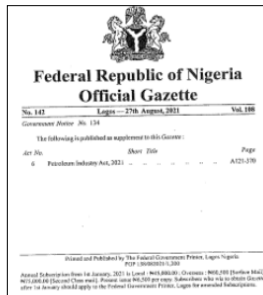
Average Active Rig Count In Nigeria (2019 – 2023)



A New Era of Certainty

Petroleum Industry Act (PIA) – New Era

- PIA Incentives & Features
- Peaceful and harmonious co-existence between operators and host communities
- Environmental Sustainability

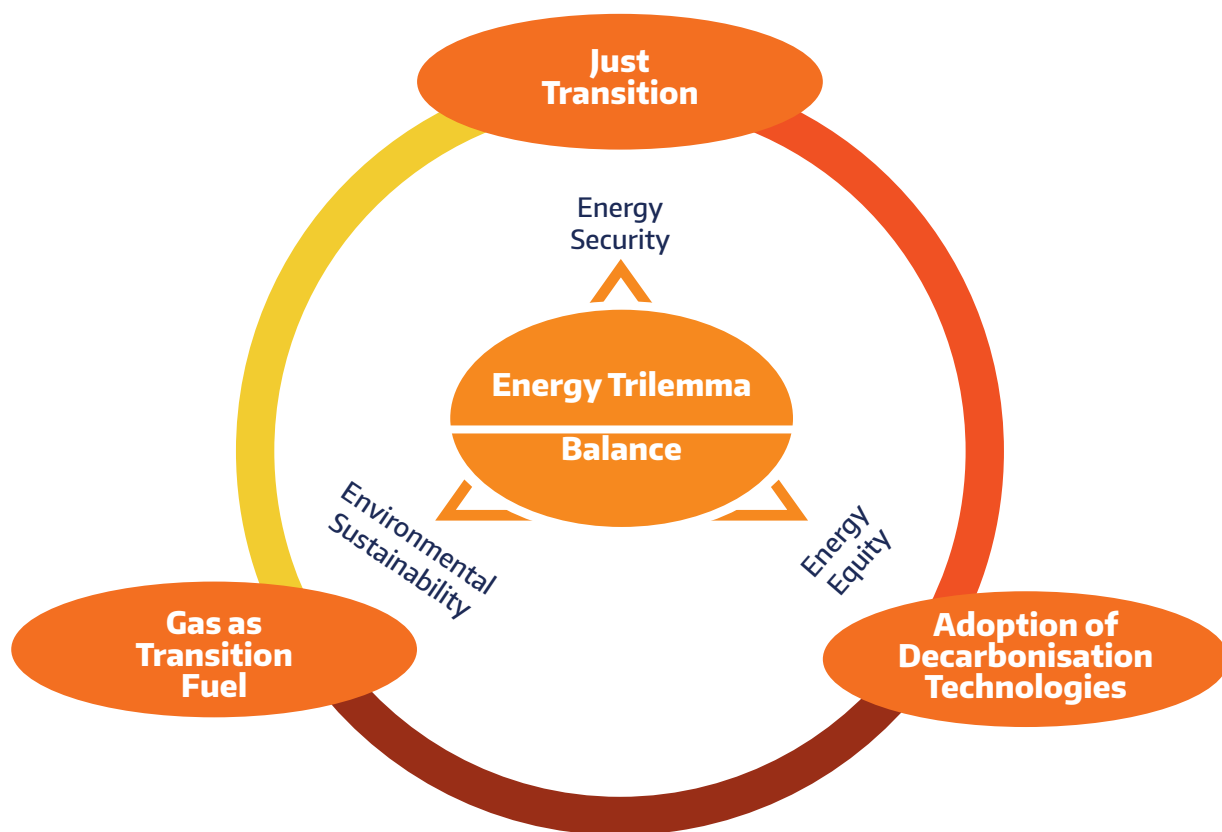
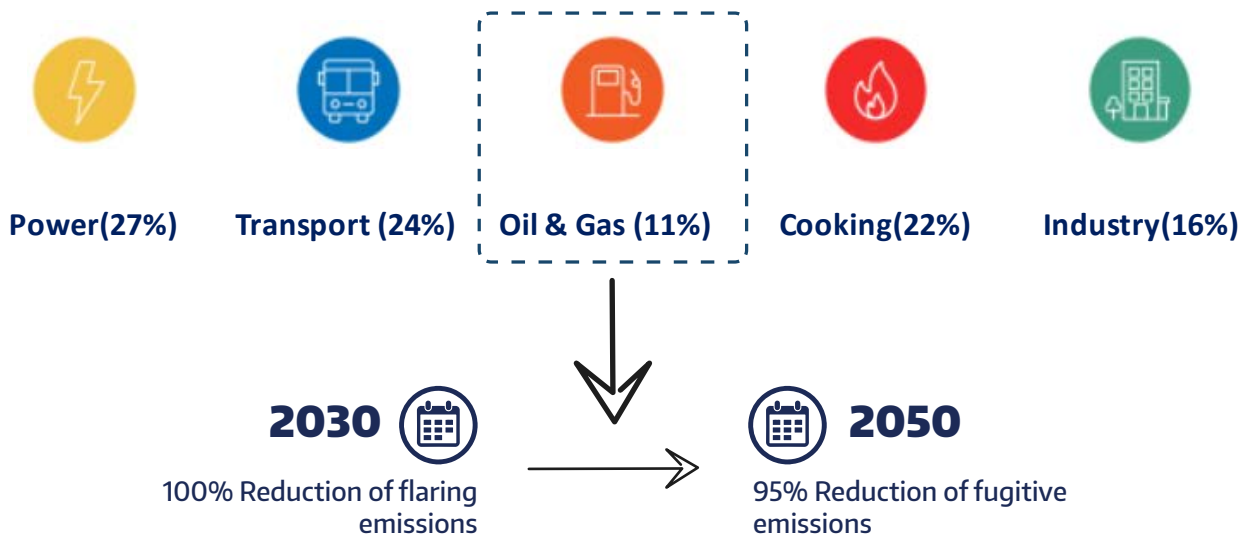


Institutional Governance	
Administration	
Attractive Fiscal Regimes	
Host Communities	

“Just Transition”: The Nigerian Model

Nigeria’s Energy Transition Plan (ETP)

Timeline and framework for the attainment of net emissions target across the 5 sectors contributing 65% of Nigeria’s Total Emissions



Decade of Gas

- Projections indicate potential shortfall of 10bcf/day by 2030: presents huge opportunity for investment in the gas sector
- High case supply need be attained to meet the base case demand



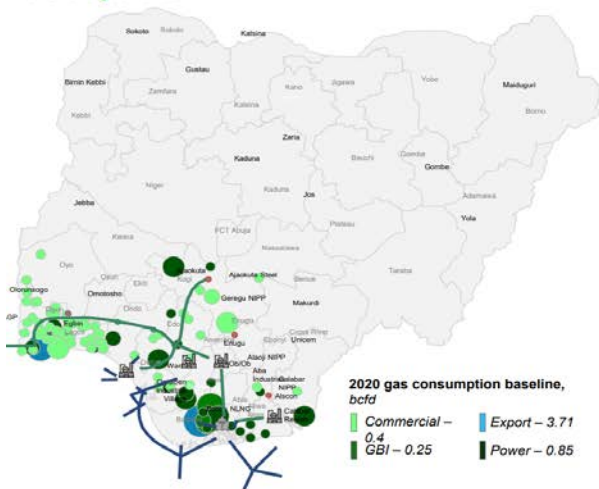
- Supply to be anchored on critical gas development projects that would create significant economic benefits and shared prosperity for Nigeria and partners by 2030:



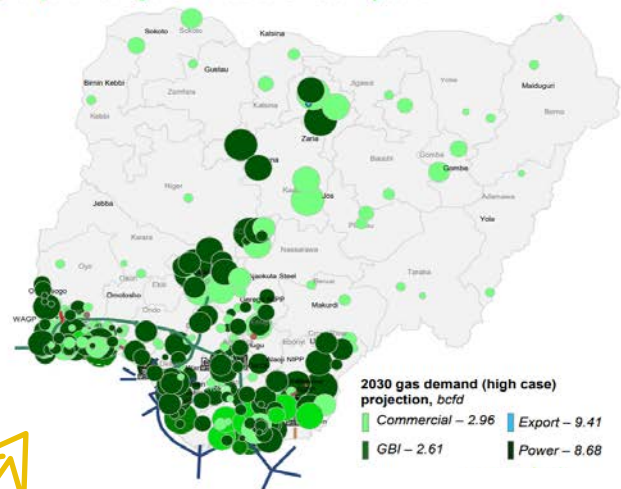
Key enablers:
ensuring infrastructure projects are delivered on time, market-based gas prices and incentivized fiscal and commercial terms for gas developments

Gas Market Evolves Around Infrastructure

Gas Consumption & Utilization evolve around Gas infrastructure



Prospects and Market growth with maturation of AKK



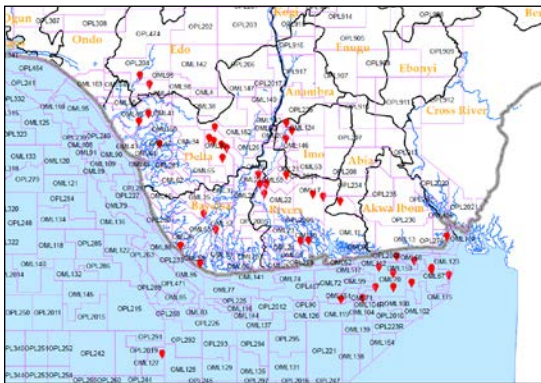
Demand/Supply scenario driven by projects such as NLNG Train 7 and 8, Nigeria/Morocco pipeline project, Ajaokuta-Kaduna-Kano (AKK) Natural Gas project, Brass LNG, Floating LNG, OK LNG, Trans-Niger Gas Pipeline, Brass Fertiliser, NSIA OCP Gas Project

Key Regulatory Focus Areas



Myriad of Opportunities

As a resource-rich country, Nigeria offers a wealth of investment and collaboration opportunities in the energy and mineral sector



Licensing round

1. Multi-Client & Speculative Surveys
2. Project finance
3. Consultancy
4. Deep water technology

Services

1. Financial Advisory services
2. Drilling Services & Equipment Supplies
3. Seismic acquisition, processing & Interpretation
4. Training Services

Divestments & Acquisitions

1. Acquisition of upstream assets
2. Emergence of Independents
3. Capital to investors
4. Opportunity for shared risk; share returns
5. Opportunity for third party involvement in Exploration, Prospecting and Development
6. Technical & Financial Partnerships in existing fields
7. Facility Development

The Nigerian Upstream Oil & Gas Landscape

Blocks



1. Number of OPLs.....60
2. Number of OMLs..... 111
3. Number of PMLs..... 21
4. Number of PPLs.....49
5. Open Blocks.....223
6. Operating companies.....85

Production Stats



1. Producing companies.....48
2. Fields in Production.....246
3. Oil Producing String.....2777
4. Gas Wells (on Production).....125

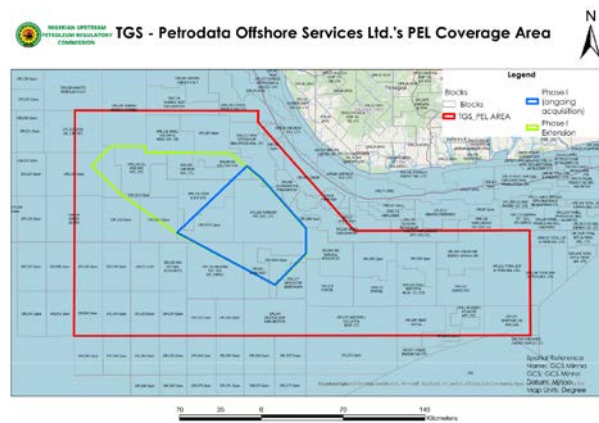
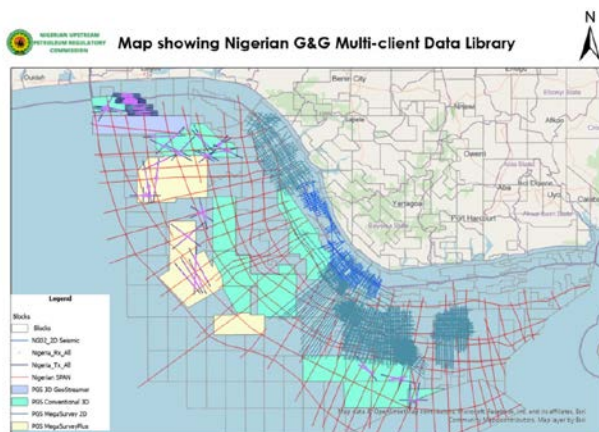
Facilities



1. Production stations/ platforms.....188
2. Gas Terminals.....4
3. Crude Oil Terminals.....34
4. (5-Land, 11-FSO & 18-FPSO)

Huge Investment Opportunities

Unassigned Acreages: 223

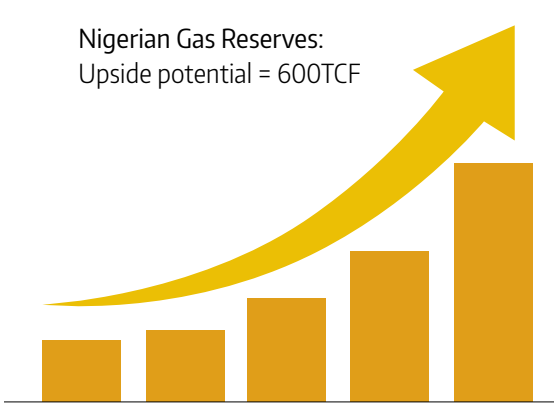


Currently Partnering with TGS-Petrodata to acquire about 56,000 Square Kilometer of 3D Seismic & Gravity data in water depth ranging from 40 to 4000m to further de-risk the Niger Delta Deep & Ultra Deep Offshore.

Opportunities in Transition

10 Years → 220TCF

Nigerian Gas Reserves:
Upside potential = 600TCF



YR. 2023 208.83TCF

Achieving the 2060 net zero target whilst also meeting the nation's energy needs.

Gas will play a critical role as a transition fuel in Nigeria's net-zero pathway

Adoption of Carbon Capture Utilization and Storage (CCUS) technologies for abatement of emissions from refining activities

A new Department, “**Energy Transition & Carbon Monetization**”, has been established in NUPRC to firm up on the right regulation for leveraging on these opportunities

COP27: The Africa Carbon Markets Initiative (ACMI) launched to help shape and harness the potential of carbon markets in Africa, to drive a dramatic increase in the production of African carbon credits

Sustainability: Host Community Projects and the Environment



Guidelines for Management of Fugitive Methane Emission & GHG



A new Department: “**Energy Transition & Carbon Monetization**” has been established in NUPRC

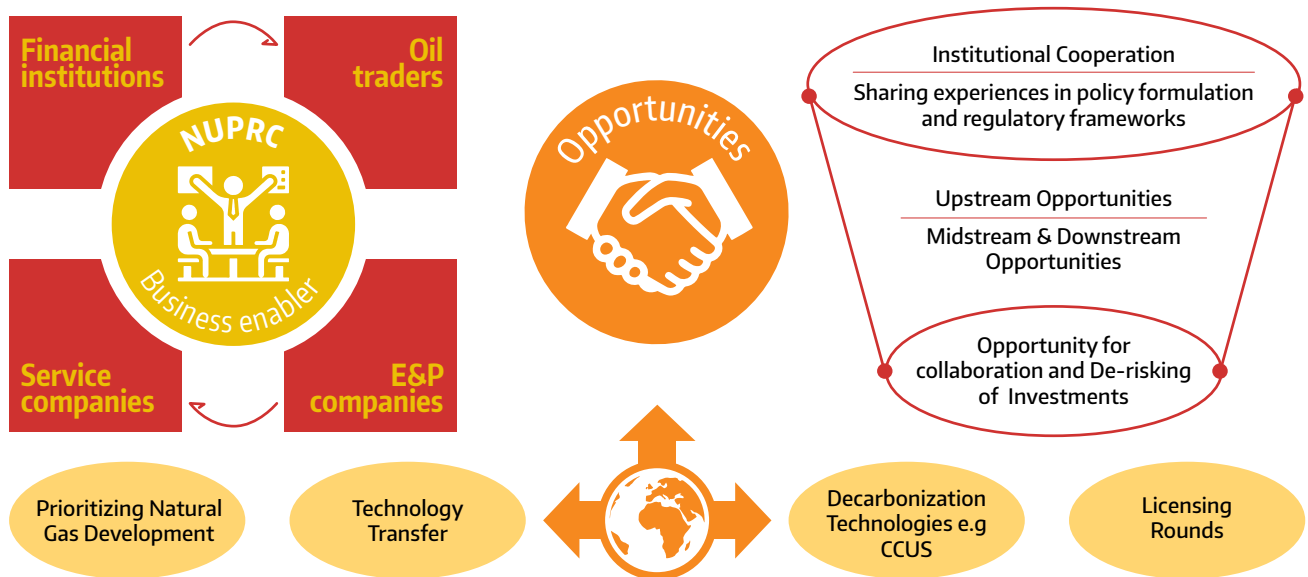
Regulatory framework for clean mechanisms in field development and decarbonisation of upstream operations.

Sustainable Host Community Projects

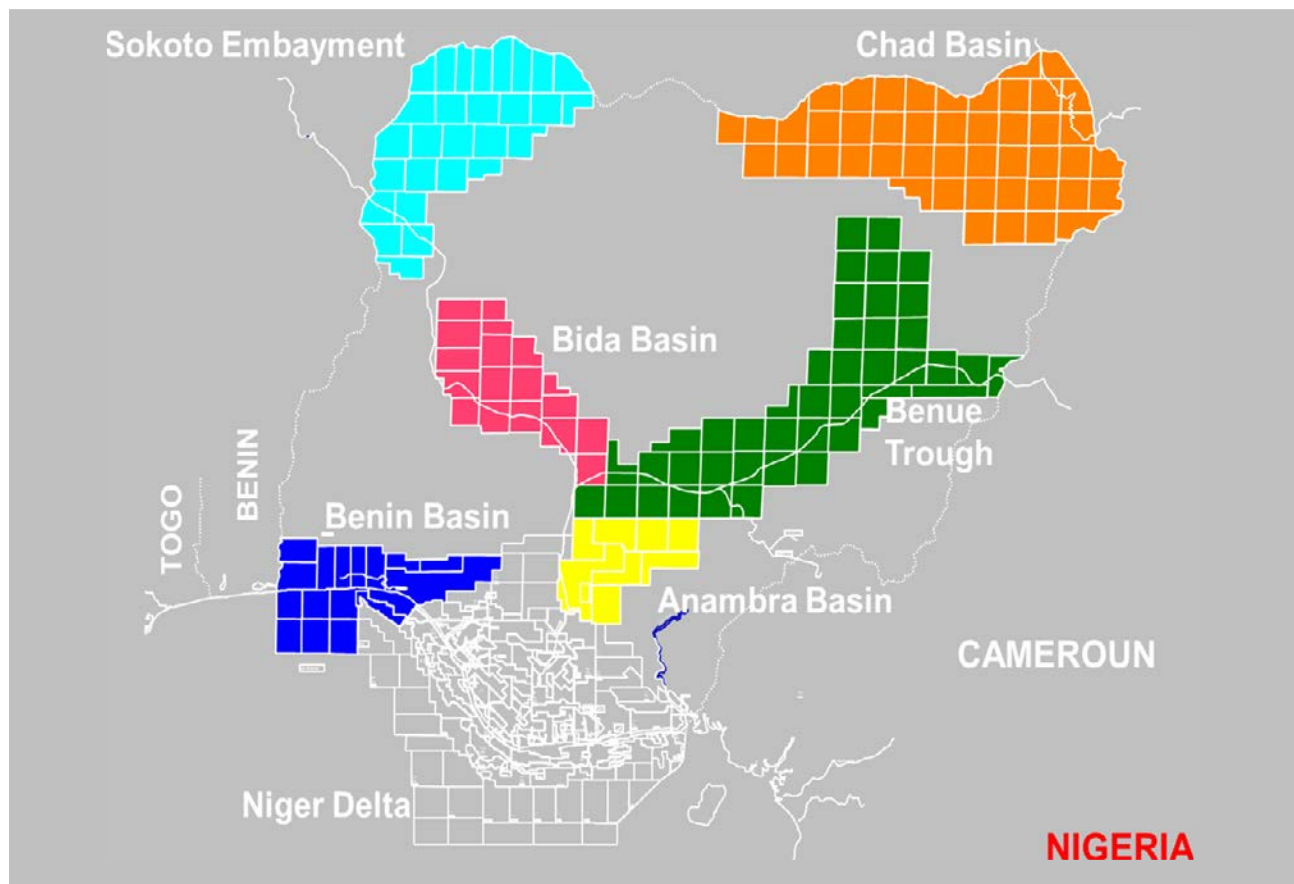


Automated Digital Platform for Reporting & Monitoring of Host Community Development Trust

Enabling Investments Through Partnerships & Collaboration



Nigeria's Acreage Status- Investment Opportunities



GEOLOGICAL TERRAIN/LOCATION	BLOCKS			
	OPLs	OMLs	OPEN	TOTAL
Deep Offshore	21	16	57	94
Continental Shelf	12	35	7	54
Onshore Niger Delta	12	57	14	83
Anambra Basin	4	3	13	20
Benin Basin	3	1	7	11
Benue Trough	2	0	41	43
Bida	0	0	17	17
Chad Basin	6	0	40	46
Sokoto	0	0	28	28
TOTAL	61	112	223	395

Opportunity for investment

RENEWED REGULATORY VALUE PROPOSITION FOR EXTENDED WELL TEST (EWT)

- Boma Atiyegoba -

Well testing is the execution of a planned series of data gathering activities to determine the producibility and flow capacity of an oil well. The data collected are analyzed to increase knowledge and understanding of the dynamic properties of the hydrocarbons it contains and of the reservoir rocks in which they are trapped. It also provides information on the condition of the specific wells used for data collection. The overall goal is to determine the reservoir's maximum ability to produce hydrocarbons. The results from well(s) can support the well allocation process during the ongoing

stages of production and reservoir management. Types of well tests include Maximum Efficiency Rate Test (MER) Drill Stem Test (DST), Extended Well Test (EWT) etc.

The Commission is mandated by the Provisions of Section 7 of the Petroleum Industry Act, 2021 and Section 44 of the Petroleum (Drilling and Production) Regulations, 1969 as saved by section 311(1) of the Petroleum Industry Act, 2021 to provide Operators with appropriate guidance on statutory requirements to apply and carry out Extended Well Test (EWT) in the Nigerian Oil and Gas Industry. The Commission may authorize EWT during the exploration, evaluation, or production stages of an oilfield if the request is technically reasonable. Therefore, if a proposed EWT is not primarily aimed at reservoir characterization to increase reserves or does not demonstrate optimal economic value in hydrocarbon recovery, the Commission will not approve the EWT.

Extended Well Testing (EWT) is also designed to assess



reservoir productivity and properties to reduce the risks associated with developing fields with suboptimal and unsustainable development/production. The objectives of EWT include but not limited to:

- estimate reservoir volume and confirm reserves for field development
- confirm long-term reservoir producibility and deliverability
- pilot future facility designs during field development
- estimate inter-well transmissibility and wellbore storage
- verify static data dynamically
- evaluate the quality of completion
- evaluate workover & stimulation

candidates.

- evaluate reservoir parameters; average pressure in drainage area, vertical/horizontal permeability and gas/oil contacts.
- obtain representative fluid samples suitable for PVT analysis
- characterize formation damage and other sources of skin effect
- calculate and confirm initial in-place volumes as input for reservoir simulation.
- obtain additional production-related data, such as water cut, sand production, and well deliverability.

There are no strict criteria governing the maximum volume to be produced during the EWT. A Ninety (90) days test duration is usually issued by the Commission to allow for operational delays for a maximum of three times. This may be renewed taking into cognizance technical,



socio-economic, climatic, and environmental factors.

Within 30 days of completion of the EWT, the Operator must submit to the Commission an EWT report fully describing the test results.

REGULATORY AND TECHNICAL REQUIREMENTS

Any company wishing to carry out EWT shall apply in writing to the Commission at least twenty-one (21) working days before the date of commencement of the operation, stating the objectives of the test and providing relevant documents in support of the application.

The Operator of Petroleum Mining Lease (PML), Oil Prospecting License (OPL), Oil Mining Lease (OML) or Petroleum Prospecting Licence (PPL) shall ensure that no reservoir or sand is put to test or opened for production unless due approval has been obtained from the Commission.

An application for EWT taking into consideration the Commission's mandate to promote "Ease of doing business" and ensure value optimization should contain and satisfy the following requirements:

1. Extended well test can only be considered for a well



THERE ARE NO STRICT CRITERIA GOVERNING THE MAXIMUM VOLUME TO BE PRODUCED DURING THE EWT. NINETY (90) DAYS TEST DURATION IS USUALLY ISSUED BY THE COMMISSION TO ALLOW FOR OPERATIONAL DELAYS FOR A MAXIMUM OF THREE TIMES

on which some preliminary tests such as drill-stem or deliverability tests have previously been conducted, except if it can technically justify reasons for EWT in such wells that have not had preliminary tests conducted on them.

2. Analysed result(s) of previous well tests.
3. If there are doubts about whether an extended well test is necessary, the applicant may be required to apply for a Deliverability Test or Flow-after-flow well test that uses the result of the non-extended test as a condition precedent in the test programme to continue the well testing over an extended period. The result obtained from non-extended well tests shall be analyzed immediately and

shall form the basis for the extension of the well test duration to an Extended Well Test. For this purpose, a Deliverability Test or Flow-after-flow well test is a non-extended well test for which the continuous flow period does not exceed a period of two calendar weeks, with provision for extension to an Extended Well Test duration.

4. Evidence of payment of application fee of \$5,000.00 per reservoir; payable to Federal Government Treasury Single Account (TSA) via the "Remita Platform" or any other payment method as may be stipulated by the Federal Government of Nigeria.
5. Proposed Extended Well Test programme.
6. The Operator shall indicate how it intends to handle the volume of the reservoir fluids (water, oil and gas) that will be produced during the test and shall therefore, provide:
 - Means of crude oil evacuation,
 - HSE Management Plan for the proposed Test.
 - Signed Crude Handling Agreement (CHA) and a signed Crude Sales Agreement (CSA) with Third Party (for Operators that lack the necessary crude evacuation & sales facilities and depends on third party provision)
7. List of all hydrocarbons fiscal measuring, storage, and evacuation devices (Meters, trucks, tanks, and barges etc) to be deployed during the test along with their calibration and proving reports.
8. Produced water management plan. For a field that does not have any nearby facilities to handle/store produced oil, an appropriate crude handling facility and evacuation plan is expected to be submitted along with this application.
9. Proposed Gas utilization plan. List of proposed Extended Well Testing equipment/Facilities and layout shall be submitted along with the application and site visit by the Commission's nominees for physical inspection and confirmation of the facilities may be required.
10. For EWT of a producing field meant to evaluate the impact of a new concept, methods and or technology on production, the applicant is required to present the underlying theory and functional principles of the new method or technological device to the Commission in the form of training, factory visits and/or technical workshop presentations subject to the Commission's discretion. The applicant is required to provide the report of hazard identification and operability (HAZID, HAZOP) and Failure Mode Effect and Criticality Analysis (FMECA) conducted on the new technological device and duly endorsed by NUPRC representative(s) who participated in the exercise where necessary.
11. A licensee shall provide an estimated cost of the EWT, cost of fluid sampling, cost of fluid analysis, Names of fluid sampling company and fluid analysis company at the application stage and the actual cost of the operation at the end of the operation report.

CONDITIONS FOR EXTENSION OF TEST PERIOD

A field may be considered for further well test beyond the approved extended well test period subject to the following conditions:

1. Renewal

Approved EWT for a field may be considered for renewal if

the test was inconclusive due to technical, social, climatic or environmental interruptions and such other unfavourable incidences beyond the control of the operator or the objective of the Extended Well Test is not met for obvious reasons as shall be determined by the Commission. Application for the renewal of an Extended Well Test may be considered for another period of 90 days upon fulfilment of the following requirements:

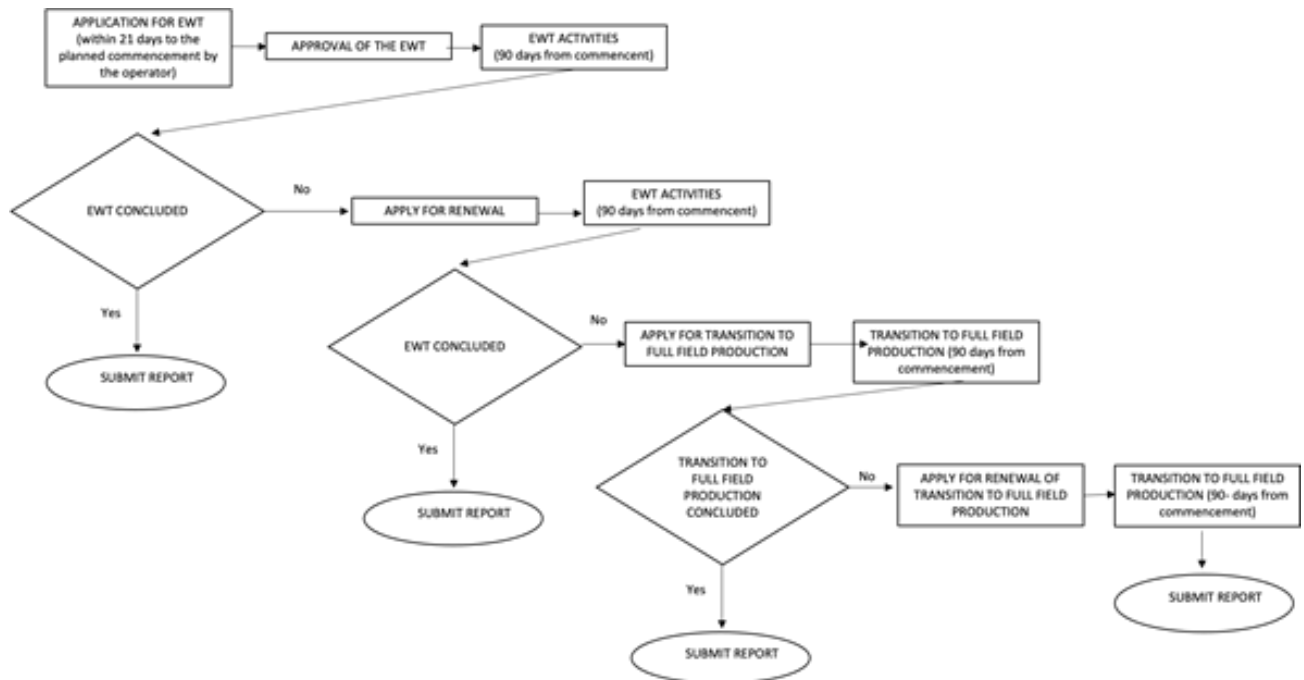
1. written application to the Commission Chief Executive requesting for the renewal of the approved EWT and stating the justification for the renewal.
2. Submission to the Commission a full report of the EWT which shall include analyses of draw down/build-up tests and total volume of crude oil from the test for review.
3. The applicant makes a technical presentation to the Commission on the completed test providing justifications for the renewal of the test.
4. Provision of evidence of payment of royalty and approved statutory payments on produced volume of hydrocarbon from the previous test.
5. Provision of evidence of payment for the penalty of any gas flared or the waiver.
6. Payment of Application Fee of ten thousand US dollars (\$10,000.00) only.
7. Any other relevant documents, as may be required by the Commission

2. Transition to full field production:


A field, which has gone through the maximum period of one hundred and eighty (180) days of Extended Well Test and renewal but could not meet the requirements for Field Development Plan and subsequent full field production due to technical, socio, economic, commercial and environmental reasons as may be determined by the Commission, may be considered for a transitional flow test for a period of 90 days in the first instance and renewable for another 90 days provided that:

1. The Licensee shall forward a written application to the Commission Chief Executive requesting for transition flow test approval or its renewal as may be applicable, stating the justifications for the request.
2. The Licensee shall forward to the Commission a notarized plan and commitment to meet the conditions for full field production within the period allowed for transitional flow test and its renewal.
3. The applicant shall make a technical presentation and submit to the Commission a full report of the EWT conducted in the field.
4. The applicant shall Provide evidence of payment of royalty and all necessary taxes on produced volume of hydrocarbon from the approved EWT of the field.
5. Payment of application fee of ten thousand US dollars (\$10,000.00) as applicable for an EWT.
6. Any other documents, as may be required by the Commission

Below is the schematic of the full EWT process



There are also data, Equipment and disposal requirements which are illustrated in the schematic below:





Well Completion Data

- ❖ This should include size and location of casing and tubing.
- ❖ location of any packers.
- ❖ well Completion schematic
- ❖ Sand control mechanism in-place

Rate Data

- ❖ Spot checks on the rate for several days before testing. Rate should be stabilized before testing.
- ❖ Record detailed description of the rate behavior during testing.
- ❖ record rates and properties of all fluids flowing at the well.







Pressure Data

- ❖ Gauge should be run to the depth where pressure is to be measured.
- ❖ Continuously recorded bottom-hole measurements are usually essential to good well test analysis.
- ❖ Trends before testing
- ❖ wellbore storage data.
- ❖ Pressure just before testing—record the pressure observed just before the test is started.
- ❖ Skin factor calculations and log-log plots depend on this information.
- ❖ dynamic & static pressure data

Pattern Data

- ❖ Such data should include pattern size and shape, and information
- ❖ about location of other wells.





Testing Equipment and disposal system

- ❖ To explain test behavior, one should include a diagram of wellhead
- ❖ and surface piping.
- ❖ Fixed or Mobile testing equipment which should include:
 - ✓ Metering system
 - ✓ Sampling devices
 - ✓ Fluid disposal route

■

OPERATIONALISATION OF METHANE AND GREENHOUSE GAS ABATEMENT POLICIES IN THE UPSTREAM SECTOR

- Ndidì Ayaeze , Ibrahim Illo, D.A. Jagaba and Z.M. Zira -



As part of the commitment of the Commission to ensure full implementation and operationalisation of the Guidelines for the Management of Fugitive Methane and Greenhouse Gases (GHG) Emission in Upstream Petroleum convened a stakeholder's workshop to sensitize and mobilize stakeholders on the strategies and implementation of the guidelines that promote the reduction of methane/Greenhouse Gases emissions within Nigeria's Upstream Petroleum industry. The guideline aims and context is to achieve the objective of:

1. Reduction in environmental and social impact caused by the emissions of components from oil and gas including methane and other compounds.

2. Prevention of waste of natural resources.
3. Protection of the environment
4. To achieve Nigeria's emission mitigation and reduction targets of the Nationally Determined Contribution (NDC)
5. Build a policy platform that will enable the continued success of the industry in an increasingly decarbonized world.

The workshop was facilitated by the Commission with the support of the Clean Air Task Force (CATF); a non-profit making organisation that supports climate change policy implementation and capacity building and their consultants Carbon Limits Nigeria (CLN). Participants in the workshop were drawn from relevant government agencies, upstream

operators, service providers, NGOs, and other stakeholders. The Commission Chief Executive was represented by the Executive Commission Economic Regulation and Strategic Planning (ER & SP), NUPRC, who commended the support and input of the stakeholders in the development of the guidelines.

The workshop had three technical sessions delivered by CATF on the overview of the methane and greenhouse gases abatement guidelines provisions and timelines, Carbon Limits Nigeria (CLN) shared the guidelines implementation strategies/roles and responsibilities of stakeholders, while the Commission shared the status of implementation of the guidelines and the support/guidance strategy to stakeholders.

The CATF committed to supporting the Commission in the operationalisation of the guidelines by sharing a proposed work plan focused on key activities:

1. Workshop/training on Country Methane Abatement Tool (CoMAT) for all stakeholders. The CoMAT is a software developed by the CATF that enables

users (Countries or operators) to estimate how much methane pollution they can reduce from their country's oil and gas industries or operations, even with limited information on emissions. This tool works with the best available information and allows users to explore variables and specific policy options that will lead to emission reductions. The CoMAT tool was used to model scenarios that led to the addition of 60% methane emission reduction targets in Nigeria's Nationally Determined Contributions (NDC)

2. Develop a case study to demonstrate Leak Detection and Repair (LDAR) in mitigating emissions.
3. Development of a technical guidance document to aid fugitive Methane/GHG Baseline assessment and explain how to implement LDAR.
4. Develop a methodology and framework for data reporting for methane and GHG management.
5. In the second technical session the CLN highlighted the historical timelines in Nigeria's drive to methane abatement as enumerated in Figure 1.



Figure 1: Methane and GHG Emission Reduction Commitments

The presentation also shared a circle of roles and responsibilities for the implementation of the guidelines which centered on; The Regulator monitor all activities within the sector, certifies the Measurement and monitoring (M&M) companies to carry out measurement campaigns for oil and gas companies, the oil and gas operators reports data on measurements to the regulator and the regulator reviews and approves data received.

On the status of Implementation of the guidelines the NUPRC x-rayed the regulatory provisions and enabling frameworks detailing mandates, obligations and commitments that set the tone for

emission management and sustainable environmental management practices.

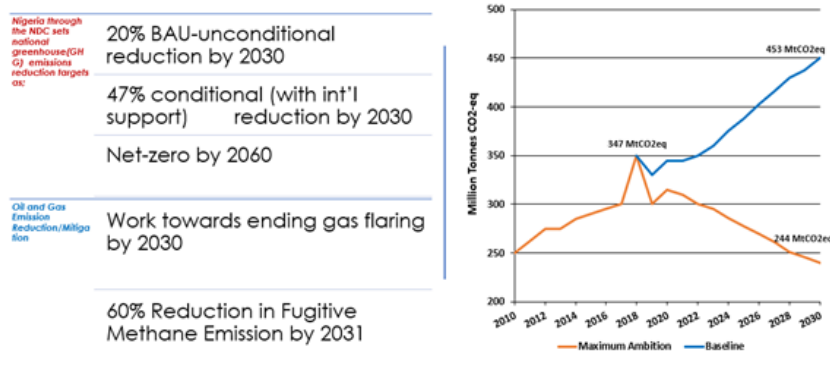


Figure 2: Paris Agreement: Nigeria's NDC Mitigation Targets

The structure of the guidelines and key timelines for implementation of the provisions in terms of compliance were also shared. The submission of the Greenhouse Gas Emission Management Plan (GHGEMP)/Fugitive

Emission Implementation Plan (FEIP) six (6) months from the date the guideline is approved other compliance requirement timelines are summarized thus:

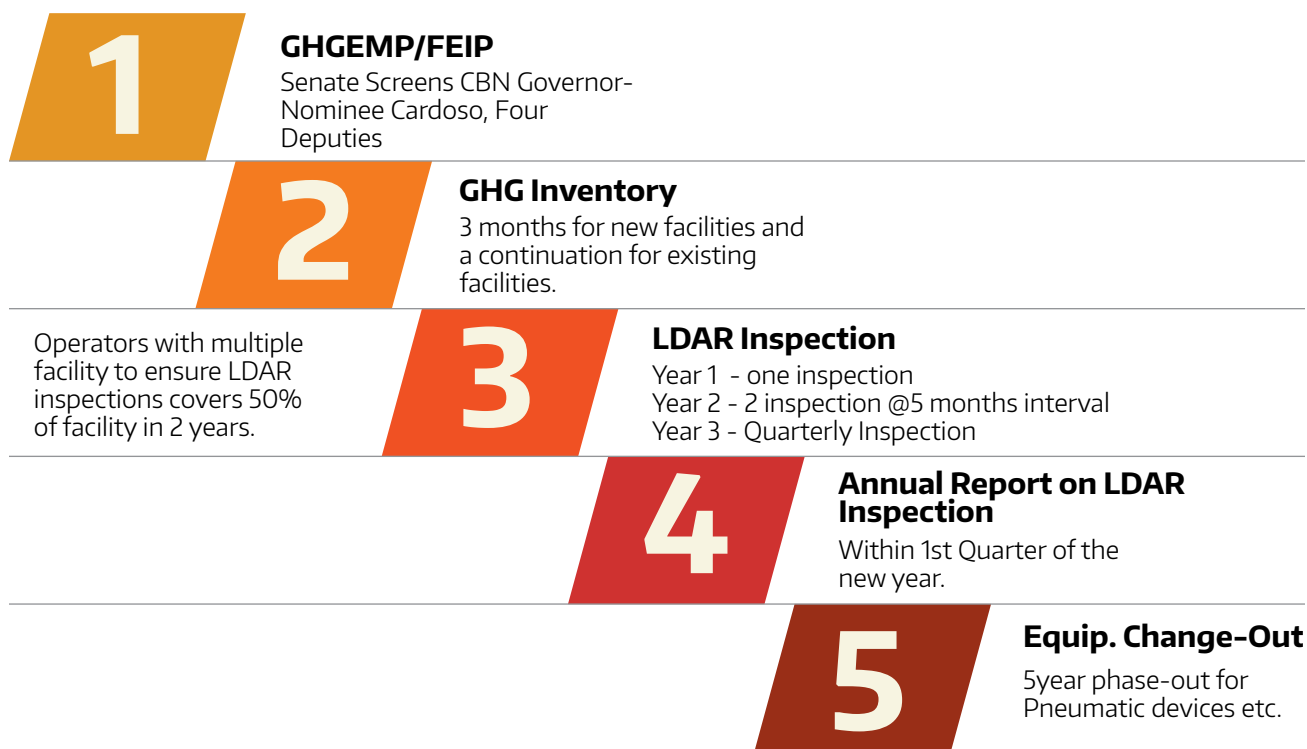
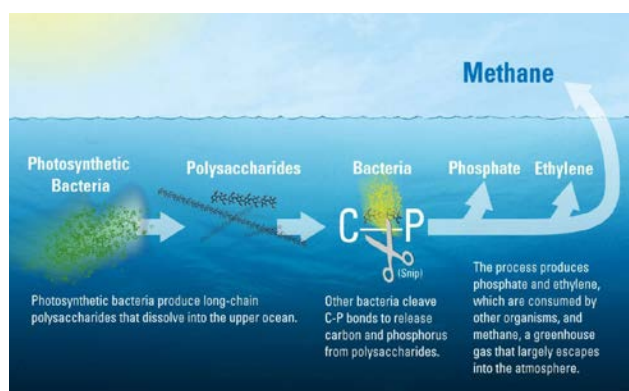


Figure 3: Compliance Timeline for Guidelines Provisions



The session also focused on the challenges and opportunities of achieving the objectives of the guideline's provisions, central to the challenges and opportunities in the implementation of the policy are technical and capacity gap, technology complexity and other factors such as scale of operations, economic feasibility, inactions & lack transparency by some operators, data validation and shortage of expertise amongst

consultants. On the technology complexity, limitations include cost/availability of low emission equipment, lack of mature or readily available technologies for LDAR, lack of in-country technical expertise on proposed technologies, cost implications on retrofitting/change-out of equipment portends a major project to operators, ICT solution on emission Accounting & Management Software deployment. While these factors might serve as constraints in implementation at this initial stage, they present a great opportunity for introducing technology providers/solutions to the industry and adoption of the technologies will contribute to the overall integrity of the producing assets as well as the protection of the environment from emission of potent greenhouse gases.

Part of the workshop objective is to address the technical and capacity gap in methane/GHG emission abatement, key constraints are measurement difficulties, dearth of knowledge and skills on methane mitigation/quantification methodology, inadequate baseline information on emission, and continuously evolving regulatory policies. The commission highlighted the support strategy for the implementation of guidelines as follows:

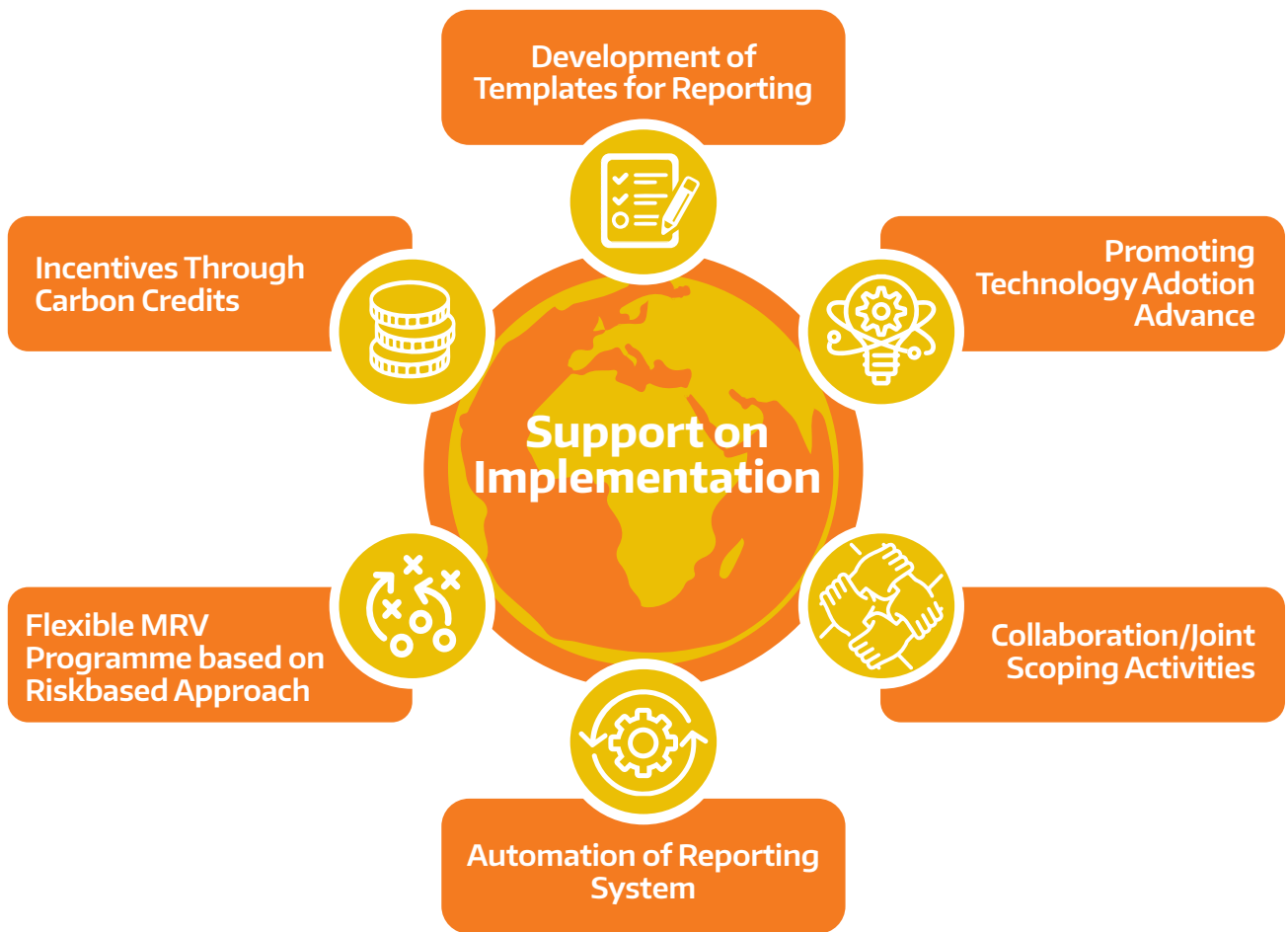


Figure 4: Planned Support Strategy for Guidelines Implementations

The workshop concluded on a high note and the Commission encouraged synergy and collaboration among stakeholders. It was also noted that implementation of the guidelines will:

1. set the foundation for methane emission mitigation in oil and gas and enable the development of a robust inventory of methane and other GHGs for the country to monitor and track progress on mitigation in line with the revised NDC.
2. create an enabling environment that will allow in-country application and deployment of fugitive emission leak detection equipment in the country thereby creating opportunities for service providers and technology transfer.
3. complement the provisions of the Gas Flare, Venting and Methane (Prevention of Waste and Pollution) Regulation 2023 and its attendant guidelines.
4. demonstrate the Commission's commitment to cleaner and sustainable oil and gas operations, as part of efforts to decarbonise the upstream petroleum sector.



HOW PUBLIC AND PRIVATE PARTNERSHIP CAN UNLEASH NIGERIA'S FUTURE OF ENERGY

Lekan Fatodu -

As the race towards a climate-friendly planet intensifies, nations across the globe are beginning to ramp up strategic plans and actions to safely get over the renewable and sustainable energy transition finish line.

The global frenzy towards climate targets is not unexpected: the United Nations expects nations around the world to reduce carbon emissions by 45 per cent by 2030 and achieve net zero emissions by 2050. Per the Paris Agreement, this would keep global warming to no more than a tolerable 1.5°C. Ultimately, the energy sector which currently accounts for approximately 75 per cent of greenhouse gas emissions, has been pin-pointed as being pivotal in mitigating the severe impacts of climate change. As such, petroleum-producing nations have been mandated to transition from emitting fossil fuels including coal, gas, and methane to renewable energy sources like wind or

solar which hold immense potential for significantly decreasing carbon emissions and achieving global targets.

However, for many developing nations willing to cut greenhouse gas emissions to as close to zero as possible but without the safety net to cushion sudden energy transition impact, this can have untold implications. Without such structural precautions in place, fossil fuel-dependent economies would become significantly vulnerable to the risks associated with a reduction in revenue.

As a nation with a heavy reliance on petroleum, it has thus become necessary for Nigeria to err on the side of caution in its spirited energy transition mission. The country boasting Africa's largest economy indeed has enough reasons to take a comparatively safe course of action as the global energy transition gathers momentum.

Nigeria's daily production of over 1.5 million barrels of oil and 7.5 billion standard cubic feet of gas culminates in its current ranking as first in Africa, 6th in OPEC and 15th in the world in terms of crude oil production. And in addition to its nearly 37 billion barrels of oil reserves and almost 209 trillion cubic feet of natural gas reserves which means it takes the positions of second in Africa, eight in OPEC, and 11th in the world in terms of oil reserves, the country's petroleum exports accounting for at least 85 per cent of total export revenue represents a clear indicator of its dependence on oil and gas revenues for economic development and sustainability.

The understanding of its peculiar situation has spurred the administration of President Muhammadu Buhari to cautiously pledge Nigeria's commitment to global climate targets. The Federal Government has realistically stated it will aim to achieve a net-zero carbon emission in 2060 instead of 2050 and importantly, declared natural gas as its transition fuel. To that effect, the Energy Transition Plan (ETP), a data-backed, multipronged strategy has been instituted to clearly define the country's decarbonisation pathway.

But, for all its spirited energy transition ambition, the ETP indicates Nigeria's energy future would require investments of enormous proportions. At least a \$1.9 trillion investment is required for the country to achieve its ambitious net-zero emission by 2060, per the mapped plan. This total is \$410 billion above projected usual spending, an additional cost which translates to an annual spend of about \$10 billion.

Unfortunately, in the years preceding the enactment of the Petroleum Industry Act in 2021, investments in the Nigerian oil and gas industry took a nosedive largely due to regulatory uncertainty and de-funding of fossil fuel development. Nigeria's total annual upstream capital expenditure, for instance, decreased by 74 per cent from \$27 billion in 2014 to less than \$6 billion in 2022. This is despite the fact that global investments in energy R&D and innovations in renewables and clean energy technologies have begun to experience a steady increase as various governments race to stay on track with the 2050 net zero emissions target. In fact, the annual global



investments in clean energy sources and technology relating to energy transition increased by 31 per cent between 2021 and 2022—the 7th largest annual investment increase witnessed since 2010. Egypt, on its part in keeping up with its goal of achieving zero carbon emission over the next few years, plans to invest more than \$7 billion in hydrogen projects alone.

Achieving such monumental global investment standards in recent years in Nigeria would undoubtedly require prudent partnerships between the public and private sectors. The power of public-private partnerships in galvanising a vibrant energy future can't be overstated as it will allow for the pooling of resources and expertise, facilitating access to funding for large-scale projects.

Interestingly, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has continued to demonstrate that the realisation of the upstream sector's need to foster public and private partnerships that will play a crucial role in unleashing Nigeria's future energy accomplishments is not lost on its leadership. Since its establishment under the PIA as an authorised regulator of the upstream sector, the Commission under the astute guidance of Chief Executive Engr. Cbenga Komolafe has successfully gazetted and established numerous investor-friendly regulations and programmes such as the Nigerian Gas Flare Commercialisation Programme (NGFCP) and the upcoming maiden Nigerian Upstream International Investment and Financial Roadshow (NUIIFR).

Among numerous ambitions, the NGFCP crucially seeks to deepen in-country value addition through indigenous participation in the oil and gas sector as well as attract Foreign Direct Investments (FDI) through competitive and transparent licensing rounds. The upcoming NUIIFR, on its part, will allow licence bidders and awardees to explore funding opportunities and leverage the capabilities of industry players and prospective investors (local and offshore) to de-risk assets and awards.

In a May 2023 address to prospective oil and gas sector investors and stakeholders at the Offshore Technology Conference to deliberate Africa's energy transition challenges and solutions, Engr Komolafe reiterated the importance of public-private partnerships to advance Nigeria's energy transition actions. He unequivocally stated that the NUPRC has "chosen to adopt an alternative fund mechanism that leverages the technical capacity of indigenous and foreign investors to create robust synergy among the oil services providers, financing institutions commodity traders and awardees to accelerate oil and gas production while the conversation on energy transition continues to gather momentum."

The NUPRC chief is not delusional in his expectations. Harnessing the strengths and resources of public and private sectors through deliberate collaborations will have an immeasurable impact on Nigeria's energy transition agenda.

For instance, Nigeria has immense renewable energy

potential, particularly in solar, wind, and hydroelectric power. Public-private partnerships within the oil and gas sector will facilitate the deployment of renewable energy projects by bringing together the government's policy support, regulatory framework, and access to public land with the private sector's capital, technology, and operational expertise. This collaboration can accelerate the growth of renewable energy capacity, diversify Nigeria's energy mix, and reduce dependence on fossil fuels.

Considering Nigeria also suffers a huge energy deficit, with an estimated 85 million Nigerians (43 per cent of the population) lacking access to grid-supplied electricity or clean cooking fuel, public-private partnerships can encourage private sector participation in expanding energy access, particularly in underserved areas. By combining the government's social objectives with private sector efficiency and innovation, such partnerships can promote inclusive and sustainable energy access for



PUBLIC-PRIVATE PARTNERSHIPS WITHIN THE OIL AND GAS SECTOR WILL FACILITATE THE DEPLOYMENT OF RENEWABLE ENERGY PROJECTS BY BRINGING TOGETHER THE GOVERNMENT'S POLICY SUPPORT, REGULATORY FRAMEWORK, AND ACCESS TO PUBLIC LAND WITH THE PRIVATE SECTOR'S CAPITAL, TECHNOLOGY AND OPERATIONAL EXPERTISE

all Nigerians. The provision of energy access that is both reliable and affordable will be significant in stemming the estimated annual economic loss of up to 2 per cent of the country's GDP.

Similarly, in the areas of technological advancements and innovation, partnership with the private sector will allow the government to leverage private organisations' expertise in developing and deploying innovative energy solutions including smart grid technologies, energy storage systems, off-grid solutions, and other clean energy technologies that can improve efficiency, reliability, and sustainability in Nigeria's energy sector.

The recent upshoot in Nigeria's average rig count from 7 in 2021 and 10 in 2022 to 24 in April 2023 is indeed a positive indicator of investor confidence in the NUPRC's effective implementation of the PIA over the last two years. Further public-private partnerships as is being strategised by Engr. Komolafe promises a turnaround in the fortunes of the country's energy transition endeavour in the coming years.

Through these judicious collaborations, Nigeria can effectively begin to accelerate the development of its energy infrastructure, diversify its energy sources and access, and ultimately achieve a resilient and sustainable renewable energy transition in the not-too-distant future. ■



AFRICAN CONTINENTAL FREE TRADE AREA: REVOLUTIONIZING UPSTREAM OIL & GAS BUSINESS IN NIGERIA AND ACROSS THE AFRICAN CONTINENT

- Tony A. Ukpo -

The African Continental Free Trade Area (AfCFTA) has emerged as a groundbreaking initiative, focused on fostering economic integration across the African continent. Since its inception, AfCFTA has been a source of optimism for governments, businesses and investors alike. In the upstream oil and gas sector, AfCFTA holds the potential to transform the landscape of this critical industry, not only in Nigeria but throughout the entire African continent.

The AfCFTA Transformative Trade Agreement was officially launched on 1st January 2021. It represents a landmark trade agreement that seeks to create a single market for goods and services across the African continent. The initiative seeks to eliminate barriers to trade, promote economic growth and increase the in-flow of investments among African nations. It has the potential to lift millions of people



out of poverty and to create new opportunities for businesses and industries specifically in the oil and gas industry.

Nigeria is often referred to as the “Giant of Africa”. It has long been a major player in the African oil and gas industry and indeed globally. The country’s economy is highly reliant on revenue generated from oil exports. AfCFTA presents a lot of opportunities for Nigeria’s upstream oil and gas sector. This agreement provides access to an expanded market, with significant benefits for Nigeria. With a unified African market, Nigerian oil and gas companies can tap into a broader customer base, reducing the dependence on a few key markets. This diversification can enhance the resilience of Nigeria’s energy industry to external shocks and market fluctuations.

However, AfCTA’s provisions for the protection of investments can attract more foreign direct investments (FDI) into Nigeria’s oil and gas sector, as the industry requires substantial capital for exploration and production and influx of FDI can boost the development of new projects and the modernization of existing infrastructure. Harmonization of trade procedures and the reduction of non-tariff barriers under AfCTA can streamline supply chain processes for the oil and gas industry. This will help to reduce the cost and time associated with importing equipment and materials needed for exploration and production activities. The agreement would also encourage healthy competition and innovation among African nations, motivating them to improve their business environments. This competition will drive innovation and competition within Nigeria’s upstream oil and gas sector, making it more globally competitive. Although the agreement has its positive sides, it is not without blemish, there are a few challenges that Nigeria



AMONG OTHER RESOURCES, THE CONTINENT IS ENDOWED WITH MASSIVE ENERGY POTENTIALS; AND IT HAS A HUGE HYDROCARBON BELT WHICH SUSTAINS THE ECONOMY OF SOME OF THE RICHEST COUNTRIES

and other African nations must address to fully utilize its potentials.

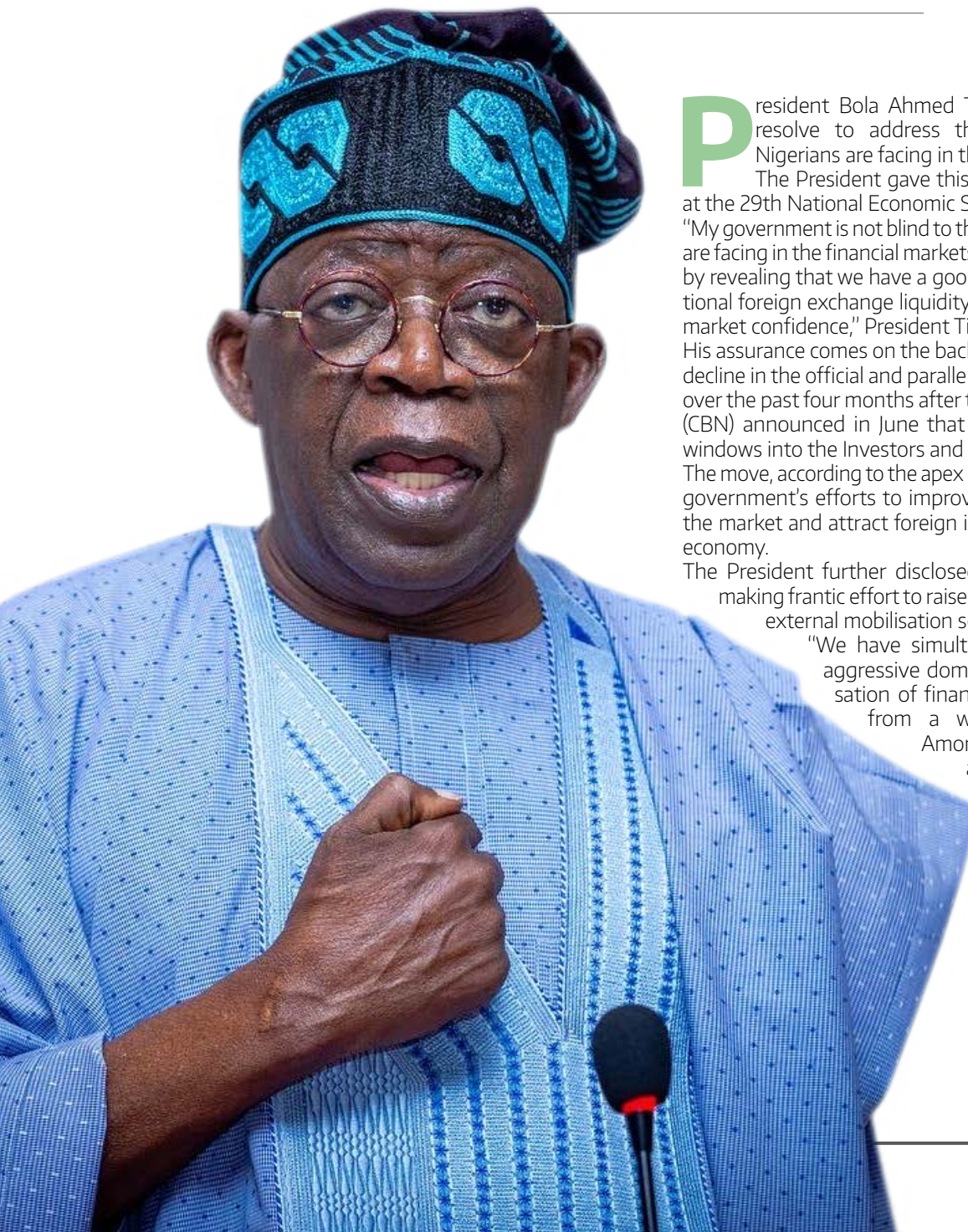
- Infrastructure Development: Infrastructure such as roads, ports and energy supply remain a significant challenge for the oil and gas sector in many African countries. Investment in infrastructure development is very critical to support increased trade and economic growth.
- Regulatory Harmonization: Achieving regulatory harmonization across African nations is a complex task. Divergent regulatory frameworks can create barriers to trade and investment, harmonizing these regulations will require time and cooperation among nations.
- Environmental Sustainability: The oil and gas industry must prioritize environmental sustainability. As demand for energy increases with AfCFTA, it is important to adopt cleaner and more sustainable practices, aligning with global trends towards renewable energy sources.

The African Continental Free Trade Area in my opinion has the potential to revolutionize the upstream oil and gas business in Nigeria and across the African continent. Our leaders must begin to implement and adopt policies that are fit and peculiar to the needs of our continent. With an agreement like the AfCFTA, I recommend an open border policy for easy access to all countries in the continent. Why would a Nigerian need a visa to visit South Africa and vice versa? We are the only people who can bring about the much desired change this collaboration seeks to achieve. By expanding market access, attracting investments, optimizing supply chains and promoting healthy competition, AfCFTA will unlock new opportunities for the energy sector. However, realizing these benefits requires concerted efforts from government, businesses and industry stakeholders to address our infrastructure deficit, harmonize regulations, prioritize environmental sustainability with careful planning and collaboration, African nations will harness the transformative power of AfCFTA for a prosperous and sustainable future for our oil and gas industries.

Is this yet another ‘All Talk and no Motion’ By African leaders? Time will definitely tell. ■

TINUBU VOWS TO TACKLE CHALLENGES IN FINANCIAL MARKETS

Lekan Fatodu -



President Bola Ahmed Tinubu has reiterated his resolve to address the numerous challenges Nigerians are facing in the financial market. The President gave this assurance while speaking at the 29th National Economic Summit.

“My government is not blind to the challenges several of you are facing in the financial markets. I can allay these concerns by revealing that we have a good line of sight for the additional foreign exchange liquidity that is required to restore market confidence,” President Tinubu said.

His assurance comes on the backdrop of the Naira’s steady decline in the official and parallel Foreign Exchange market over the past four months after the Central Bank of Nigeria (CBN) announced in June that it had collapsed all forex windows into the Investors and exporters (I&E) window.

The move, according to the apex bank, is part of the Nigerian government’s efforts to improve liquidity and stability in the market and attract foreign investors into the Nigerian economy.

The President further disclosed that his government is making frantic effort to raise finance from domestic and external mobilisation sources.

“We have simultaneously commenced an aggressive domestic and external mobilisation of financial resources and capital from a wide range of partners.

Amongst several initiatives, we are progressing forward with the development of wide-ranging reforms to our fiscal and tax policies to ensure an efficient, fair and growth-friendly fiscal environment,” he added.



BALANCING ECONOMIC RESILIENCE AND CLIMATE ACTION: THE IMPERATIVE OF NIGERIA'S NATURAL GAS FOCUS

- Folakemi Famoroti -

In the face of rising global climate change challenges, nations around the world are grappling with the need to strike a delicate balance between economic growth and environmental sustainability. Nowhere is this challenge more pertinent than in Nigeria, a country boasting a vibrant oil sector, particularly its vast reserves of natural gas. Nigeria stands at a crossroads where it must harness the potential of its natural gas resources to drive economic resilience while embracing sustainable practices to mitigate climate change.

Nigeria's Federal Government is not in denial of the climate change burden it carries. But while it seeks to adhere

to global agreements on fostering a climate-conscious future and environmental sustainability, the country has been understandably cautious in committing to the Paris Agreement's 2050 net-zero carbon emission targets. Former President Muhammadu Buhari had instead maintained at the United Nations Climate Conference (COP27) held in Egypt in November 2022, that a more realistic timeframe for Nigeria to achieve the global climate agenda is by 2060.

Major pointers in Nigeria's oil sector back this measured approach. The universal quest to limit global warming to 1.5°C by achieving decarbonised economies necessitates a

drastic reduction or total shift from fossil fuel dependence. A radical decline in demand for fossil fuels will, however, lead to a consequential reduction in national revenue and fiscal vulnerabilities for Nigeria. The decrease in fossil fuel revenue, without adequate time and support to address macro-economic risks and undertake the necessary structural transformation towards establishing a diversified, sustainable, and resilient economy, will inhibit national economic growth.

Secondly, an impulsive shift away from fossil fuel revenue can cause Nigeria's commitment to the United Nations Sustainable Development Goals (SDGs) – especially in the areas of poverty and hunger reduction, health improvement,



TRULY, THE NUMEROUS ADVANTAGES NATURAL GAS OFFERS AS A CLEANER ALTERNATIVE TO FOSSIL FUELS, AND ITS POTENTIAL FOR POWER GENERATION, INDUSTRIAL USE, AND EXPORTATION CAN NOT BE OVERLOOKED

quality education and decent work provision – to take a hit.

Given this context, it becomes clear that eliminating fossil fuels is not currently feasible; a delicate approach and alternative to fossil fuels is required for the Federal Government to balance economic resilience and climate action. It accounts for the reason why Nigeria, in defining its decarbonisation pathway, has consequently opted to designate natural gas as its transition and ultimate fuel choice. Natural gas is, in fact, expected to play a substantial role in the country's energy mix by 2030 and beyond according to projections.

Truly, the numerous advantages natural gas offers as a cleaner alternative to fossil fuels, and its potential for power generation, industrial use, and exportation cannot be overlooked. And as one of the largest producers of natural gas in Africa, Nigeria has a golden opportunity to leverage this resource to bolster its economic resilience. The nation's prioritisation of investments in natural gas is expected to perpetually inspire much-needed economic diversification and increased revenue generation.

Hence, revenue generation from natural gas in recent years has been unsurprisingly remarkable as demand increases. In June 2022, Mele Kyari, the Group Chief Executive Officer of the Nigerian National Petroleum Corporation (NNPC) revealed that Nigeria had generated more than \$1 billion solely from the sale of natural gas to Portugal that year. Recent data released by the National Bureau of Statistics (NBS) puts that revelation into perspective. The NBS report indicates the country experienced a 100% surge in Liquefied Natural Gas (LNG) sales over the past two years,

with revenue increasing from N1.4 trillion in 2020 to N2.8 trillion in 2022—the highest in six years.

Future growth and revenue projections from natural gas are just as promising. One such pivotal projection is that the demand for natural gas will grow at a compound annual growth rate of 16.6% p.a between 2020 and 2030. The growth projections are expected to be propelled by significant ventures including the Nigeria Liquefied Natural Gas (NLNG) Train 7 in the base case scenario, as well as the Nigeria/Morocco pipeline, NLNG Train 8, and Ajaokuta-Kaduna-Kano (AKK) pipeline in the high case scenario.

It is critical to note that, while natural gas is indeed a fossil fuel, it emits significantly less carbon dioxide compared to coal or oil. This presents Nigeria with an opportunity to solve



its clean energy needs while also addressing global climate action. Approximately 85 million Nigerians (about 43% of the population) do not have access to grid electricity or clean cooking fuel according to World Bank data. This means the country suffers an estimated annual economic loss of up to 2% of the GDP, indicating a major drawback in its journey to achieving a resilient economy.

It is thus crucial that Nigeria has a robust policy and regulatory framework in place to effectively balance economic resilience and climate action.

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) understands this perfectly, embarking on valiant efforts to consolidate perspectives on gas demand and supply, identify infrastructure needs, and establish a suitable pricing framework. The Commission upon its establishment under the Petroleum Industry Act (PIA) in 2021 as an authorised regulator in the upstream sector had promptly identified these key elements as necessary catalysts for facilitating investments in Nigeria's natural gas.

Inspired by the judicious leadership of Engr. Gbenga

Komolafe, the NUPRC has continued to whip up positive sentiments by developing comprehensive regulatory policies that encourage investments in natural gas infrastructure, incentivise sustainable practices, and foster public-private and foreign partnerships.

A total of five distinctive regulations have so far been successfully gazetted by the Commission following the first rounds of consultations with stakeholders, while a further seven have received approval in May 2023. Many of these frameworks, if duly honoured, have the potential to further provide certainty and stability to investors. As devised, the Commission's regulatory provisions will be just as pivotal in encouraging technology transfer and ensuring the optimal utilisation of Nigeria's natural gas resources, as it

production, adoption of cleaner technologies, and promotion of natural gas use in place of more polluting fuels.

In a similar endeavour to commercialise gas flares, the NUPRC is seeking to forge strategic partnerships with significant global stakeholders to harness the potential of the carbon credit market mechanism. A recent launch of the Africa Carbon Markets Initiative (ACMI) to harness the potential of Africa's carbon markets has particularly inspired the establishment of a new Energy Transition and Carbon Monetization department by the Commission. The ETCM department will be saddled with the responsibility of regulating Nigeria's carbon market and enhancing the bankability of various gas-flaring elimination projects within the oil and gas industry.



does in monitoring and enforcing environmental standards, ensuring that the extraction and utilisation of natural gas are done in an environmentally responsible manner.

In his address to prospective investors, investors and other stakeholders in the Nigerian oil and gas industry at the 2023 Offshore Technology Conference in Houston, Texas in May, Engr. Komolafe suggested that since the majority of participants within the global financial ecosystem are progressively moving away from funding fossil fuel development, Nigeria's decarbonisation story "will need to be incorporated into Field Development Plans (FDPs) in order to attract funding." He also emphasised that the Commission's regulatory frameworks will continue to be investor-friendly, assuring that "the opportunity for investment and fantastic returns remains undiminished and is continually available to prospective investors."

These assurances to foster an enabling environment for investors are certainly imperative if Nigeria will sustainably stimulate environment-friendly practices in the oil and gas sector such as reduction of methane emissions during

Nigeria, according to the World Economic Forum (WEF), has the potential to generate up to \$18.3 billion by optimally utilising its gas sources during its energy transition journey, although its report feared that a lack of infrastructure and necessary investments required to realise this potential may dampen the country's prospects.

But having declared a 'Decade of gas' to indicate its seriousness in focusing on natural gas for sustainable economic growth, Nigeria can't afford to be caught napping in providing an attractive and rewarding investment environment for potential investors.

It is commendable that the Engr. Komolafe-led-NUPRC, with its robust regulatory policies to ensure responsible resource management and local and foreign investments in the oil and gas sector is putting itself at the forefront of balancing the nation's economic progress with environmental sustainability. Due to the Commission's steadfast commitment, Nigeria can now begin to make the most of its natural gas potential to forge a prosperous and climate-conscious future. ■

NUPRC AT THE 8TH OPEC INTERNATIONAL SEMINAR

- Tony A. Ukpo -



The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) participated in the recently concluded 8th OPEC International Seminar, which took place at the renowned Hofburg Imperial Palace, from the 5th to the 6th July 2023 in Vienna, Austria.

The theme of the seminar was, "**Towards A Sustainable And Inclusive Energy Transition**". The seminar provided an invaluable platform for NUPRC to showcase its contributions to the discussion and dialogue on global energy transition challenges and opportunities. The Nigerian delegation to the seminar was led by Amb. Gabriel Tanimu Aduda (Permanent Secretary, Federal

Ministry of Petroleum Resources).

Accordingly, the NUPRC team was led by Mrs. Olayemi Anyanechi (Legal Adviser, NUPRC), who actively participated in the various sessions with the delegation and joined in the exhibition of the Commission's commitment to fostering a sustainable and inclusive energy transition. Key highlights of NUPRC's participation at the seminar include:

- Session Engagements: NUPRC delegation actively participated in the panel sessions, especially during the "Ministerial Session 1 on Market Stability and Energy Security", where Amb. Aduda expressed his insights on Nigeria's efforts in transitioning towards

a more sustainable and inclusive energy sector. He emphasized that Nigeria and the Commission's focus is on creating a conducive regulatory environment that promotes investment, innovation and the adoption of clean energy technologies for the processing of our hydrocarbon resources going forward.

- Promoting Investment Opportunities: NUPRC leveraged the seminar to promote investment opportunities in Nigeria's upstream petroleum sector. Through targeted networking and bilateral meetings the Legal Adviser participated in. The delegation interacted with international stakeholders including oil companies, and technology providers, showcasing Nigeria's vast hydrocarbon resources



and the Commission's commitment to fostering a business-friendly environment.

- Knowledge Sharing: NUPRC showcased its expertise and knowledge, sharing best practices, policies, and regulations that promote sustainability and inclusiveness in the energy sector. The Commission's representatives at the seminar engaged stakeholders on Nigeria's regulatory framework, highlighting initiatives like the Nigeria Gas Flare Commercialization Program, aimed at eliminating routine gas flares and reducing greenhouse gas emissions, increasing renewable and sustainable energy penetration and ensuring social and economic inclusivity in the energy transition process.
- Visibility and Recognition: NUPRC's active presence at the seminar garnered recognition and visibility for the Commission on an international stage especially with the short video montage that was very visible in the NUPRC booth, drawing attention and interests from a lot of visitors. Copies of the current edition of the Commission's magazine "Upstream Gaze", were distributed to visitors at the NUPRC exhibition booth and the seminar venue respectively. The delegation's active participation underscores Nigeria's commitment to addressing the challenges of the energy transition, while ensuring sustainable economic growth and social development.

Overall, NUPRC's participation at the 8th OPEC International Seminar was highly successful in furthering the Commission's mission to create a sustainable and inclusive energy sector in Nigeria. The engagement with global stakeholders, sharing of best practices and the promotion of investment opportunities, will undoubtedly contribute to advancing Nigeria's energy transition agenda.

The valuable insights gained from this seminar, will guide NUPRC in formulating robust policies, regulations and strategic partnerships that will drive Nigeria's energy transition towards economic growth and environmental stewardship. ■



PPP: TOWARDS ECONOMIC GROWTH AND ADVANCEMENT IN THE UPSTREAM OIL SECTOR

- Akpandem James -

The African saying that the chicken that would grow into a cock is usually known in the morning became manifest in the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) when Eng. Gbenga Komolafe assumed duty as the Commission Chief Executive (CCE). Upon his confirmation by the Senate and subsequent inauguration as the helmsman of the Commission, in October 2021, Engineer Komolafe left no one in doubt as to what he was bringing to the table as the chief regulator of the hydrocarbon upstream sector.

During his inaugural meeting with staff of the Commission, he did not just let them into the task ahead, Komolafe declared that the immediate priority of the new petroleum industry regulator was to raise the country's crude oil production from the September 2021 level of 1.4 million barrels to about 2.4 million barrels per day (bpd) in the coming months. Everything else revolved around that goal. He was conscious of the expectations from the government, the public and industry players; and he kept reminding the staff even as he was optimistic that with determination the task could be surmounted. He was ready to hit the ground running.

With his wealth of experience in the industry, he knew where the pins were embedded in the shoes and was determined to avoid the pinches while focusing on growing the sector in line with the prescriptions of the Petroleum Industry Act (PIA, 2021). It was at a time when the industry was facing huge challenges including that of crude oil theft, sabotage and pipeline vandalism.

There was also the issue of host community restiveness which needed to be tackled strategically if the objective of growing production levels was to be achieved without interference. On this score and in line with Section 235 of the PIA-2021, the Commission in collaboration with relevant stakeholders had to vigorously pursue the enactment of the Host Communities Development Trust Regulations meant to guarantee conducive and peaceful relationships among stakeholders within the oil-producing communities.

With the benefit of industry experience, Engr Komolafe and his team knew that it would be a journey in futility if

the Commission were to go it alone, given the strategic and complex nature of the sector. Engr. Komolafe gave a hint of that quite early and indicated that part of the strategy to realise the dream of increased production would be the immediate initiation of a Public, Private, Partnership (PPP) arrangement which would involve security agencies, private operators and other strategic stakeholders with the aim of first, tackling the afore-mentioned challenges which are very critical to the achievement of the set target and then pursuing the focus of increasing production levels and income yield to the federation account. The focus was to, as soon as possible, increase the country's reserves to 40 billion barrels and raise production to three million barrels per day.

Tackling the enormous challenges of the oil and gas industry anywhere in the world requires huge capital outlay. It also requires diverse expertise. Therefore addressing a massive infrastructure outlay and tackling operational challenges in an industry as capital-intensive as the oil and gas industry require partnerships with relevant private sector players, particularly the financial sector, equipment manufacturers and surveillance experts. The private sector is expected to play significant roles in financing, monitoring, and providing critical infrastructure, either directly or in collaboration with the Commission under the public-private partnership arrangement. Such collaborations speed up the process and allow projects to be executed and goals achieved faster, because of the capacities and competencies involved.

This arrangement has been used by governments and entities across the globe, and more so in Nigeria, to realise massive projects that ordinarily would not have been possible in the face of lean resources and shortfall in operational competencies in public enterprises.

The management of the Commission realised this early enough, given the strategic assignment it had been saddled with as the foremost regulator of the hydrocarbon industry in Nigeria. The Commission embraced the model



as one of the most effective in accelerating operations in the industry and pushing economic growth for the country. The strategy is to push some of the engagements that the Commission is fostering within the private business ecosystem. It is one of the tactical efforts in driving the commitment of the NUPRC towards building and strengthening strategic partnerships with the private sector and relevant stakeholders towards achieving its mandate.

Consequently, the CCE and his management team set out to work; and commenced consultations with relevant stakeholders and industry experts towards achieving set objectives. They segmented all the critical stakeholders and began meeting them one after the other to feel their individual pulse and pains and get useful inputs on how to achieve not just the immediate objective but to justify the larger intent and purposes of the PIA. The Commission then threw its doors open to potential investors for collaboration in building partnerships and unlocking the full potential of Nigeria's upstream petroleum sector. In doing this, the Commission was leveraging the Petroleum Industry Act (PIA), 2021 which provides a more transparent, efficient and investment-friendly regulatory framework.

There was, of course, the urgent need to set out measures which included collaborative efforts between operators and communities, the deployment of state-of-the-art technology to monitor pipelines in remote areas and such other measures as routine assets integrity management to curb leakages and spills caused by aging facilities, to reduce the cost of production while also benchmarking costs across terrains. There was also a provision to incentivise drilling targets at deeper horizons and to provide guidelines to ensure seismic acquisition design to image deep plays. These were to be buoyed with attractive incentives to encourage multi-client and speculative data companies to acquire state-of-the-art data in open acreage to facilitate exploration activities.

As part of the scheme to stem illegal tapping of pipelines, which at a point caused the country a loss of about \$4 billion every year (about 10% of the country's annual budget), the Commission announced the introduction of an Industry-wide Oil Recovery Initiative, with a committee that included various security agencies. The collaborative approach was meant to stop the incident, especially its effect on the federation revenue.

To pursue the objective within the confines of the law, the Commission had to put in place laws that would



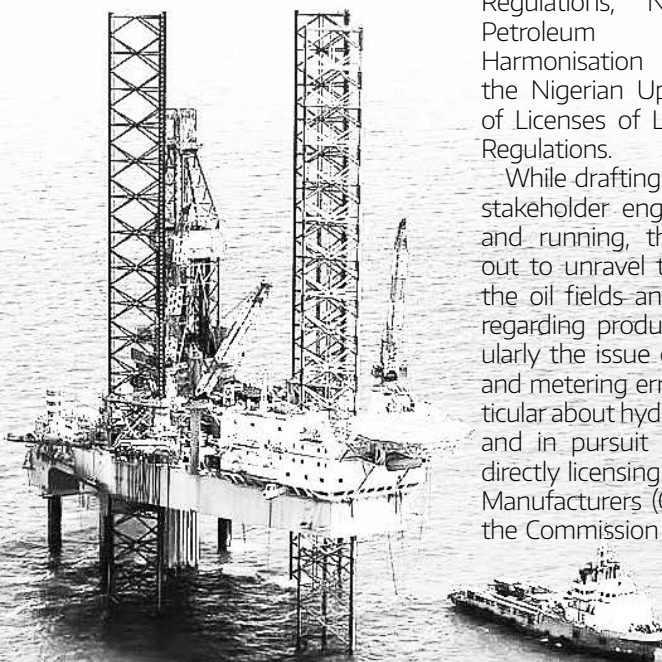
CONSEQUENTLY, THE CCE AND HIS MANAGEMENT TEAM SET OUT TO WORK; AND COMMENCED CONSULTATIONS WITH RELEVANT STAKEHOLDERS AND INDUSTRY EXPERTS TOWARDS ACHIEVING SET OBJECTIVES

guide its operations and handle the various industry challenges. The thinking was that for oil and gas to entice the needed investment, there must be an attractive fiscal framework, which the Petroleum Industry Bill (PIB) broadly sought to address.

Within the first eighteen months of the inauguration of the Commission, thirteen (13) regulations were already in place. These are Acreage Management Drilling and Production Regulations, Nigeria Frontier Exploration Fund Regulations, Upstream Decommissioning and Abandonment Regulations, Upstream Petroleum Environmental Regulations, Upstream Petroleum Environmental Remediation Fund Regulation, Upstream Petroleum Safety Regulations, Domestic Gas Delivery Regulations 2022, Petroleum Licensing Round Regulations 2022, Petroleum Royalty Regulations 2022, Domestic Crude Oil Supply Obligation Regulations, Gas Flaring and Venting (Prevention of Waste and Pollutions Regulations 2022, Nigerian Upstream Petroleum Advance Cargo Regulations, and the Nigerian Upstream Petroleum Measurement Regulations.

Seven (7) other draft regulations are in the process of validation and gazetting. These are the Nigerian Upstream Commercial Regulations, Nigerian Upstream Petroleum Assignment of Interest Regulations, Nigerian Upstream Petroleum Development Contracts Administration Regulations, Nigerian Upstream Petroleum Sector Code of Conduct Regulations, Nigerian Upstream Petroleum Administration Harmonisation Regulations, and the Nigerian Upstream Revocation of Licenses of Licenses and Leases Regulations.

While drafting the regulations and stakeholder engagements were on and running, the Commission set out to unravel the real situation in the oil fields and operational areas regarding production issues, particularly the issue of production levels and metering errors. It was very particular about hydrocarbon accounting and in pursuit of this decided on directly licensing Original Equipment Manufacturers (OEMs) as agents of the Commission for the deployment



and maintenance of metering facilities across Nigeria's oil and gas facilities, for transparency in accounting.

Also in partnership with the OEMs, the Commission developed an industry-intelligent digital automated platform for reporting and monitoring the Host Community Development Trust (HCDDT), for transparent administration of the Host Communities' provisions of the Petroleum Industry Act (PIA) 2021.

The portal has been designed to meet specific requirements of HCDDT as enshrined in the PIA and will aid all stakeholders (including the Settlers, Board of Trustees, Management Committees, Advisory Committees, Fund Managers etc.) to fulfill their obligations to host communities and promote accountability and transparency in the management of the HCDDT programme. It is also to enable quick feedback from the stakeholders and the public for the Commission to carry out its regulatory oversight effectively.

Also, in recognition of the funding challenges facing some of the awardees of the 2020 Marginal Field Bid Round licences, the Commission initiated a production-based lending engagement with Nigerian banks to help the awardees source needed capital to commence full field development towards hitting First Oil. The engagement involved the Commission, Petroleum Production Licence (PPL) Awardees, Exploration and Production (E&P) service providers and Nigerian Banks and aimed at providing platforms for strategic partnership/alliance between the awardees and the service providers for Well Re-entry and drilling services. The arrangement was basically on service fee recoverable by the service providers from production to be attached.

The Commission also went into a collaborative effort through the 'Industry-Wide Oil Revenue Recovery Initiative' by setting up a committee made up of the various security agencies and relevant industry operators and regulators. The essence is to stop incidents of thefts and pipe-tapping which have been major challenges in the industry, affecting oil supply levels and draining the country's revenue. The recovery plan intends to double the nation's output from 1.5 million barrels at the time to three (3) million barrels a day.

That initiative was applauded by energy experts who viewed it as a step in the right direction. For instance, the Chief Executive Officer of New Hampshire Limited, a meter manufacturing company, Mr. Odion Omonfoman, said the plan was a positive one because the money lost to oil theft was humongous and enough to fund a sizeable number of infrastructure projects in critical sectors. Omonfoman noted that the estimated loss of \$4 billion would conveniently have been used to build schools, hospitals, roads, and other basic infrastructure.

The Commission is already collaborating with private sector players in the implementation of the Nigerian Gas Flare Commercialisation Programme (NGFCP), and working towards ensuring that all approved Field Development Plans (FDPs) incorporate full gas utilisation and monetisation programmes. It is also working on regulations that would ensure new exploitation and production projects including decarbonisation elements to further attract private sector and foreign investments.

On September 4, 2023, the Commission announced that thirty-eight (38) of the companies/entities that contested for 49 Flare Sites put forward during the 2022 Nigerian Gas Flare Commercialisation Programme (NGFCP) Auction process have been awarded Forty (40) Flare Sites for stand-alone single flare site development, while Four (4) got Nine (9) sites to be developed as clusters, with provision for reserve bidders in case the preferred bidders fail to meet the terms and conditions stipulated in the regulations.

In promoting initiatives that would boost oil production and generate more revenue, The Commission did not lose sight of the fact that only a conducive operational environment would facilitate the achievement of its strategic goals. There must be some form of incentives that will ensure and allow continuous production and community participation in protecting oil and gas assets. So, the host communities that are suffering from environmental hazards resulting from oil production, and who sometimes are unwilling participants in sabotaging production, were also considered in the entire plan.

In this direction, the Commission not only fast-tracked the Host Community Development Trust (HCDDT) but has gone into partnership with the private sector to address the issue of restiveness in oil-producing areas. It has already signed a Service Level Agreement (SLA) with a consortium of consultants under the aegis of Host Community of Nigeria Producing Oil & Gas. The aim is to ensure prompt remittance of approved funds to the HCDDT by operators in the industry. The consortium is to act as a link between the Commission, Settlers and Trustees on the 3% operational expenses (OPEX) to host communities through the HCDDT, as required under Section 240 (2) of the PIA, 2021. It is to assist in the acceleration of the implementation of the Trust and to push compliance by settlers/operators.

Some of the initiatives have already started yielding fruits as oil production levels have started moving in an upward swing. Apart from the collaborative efforts and conducive operational environment attracting more investors into the industry, it has reduced incidents of theft in the operations of the upstream oil sector. ■



THE COMMISSION DID NOT LOSE SIGHT OF THE FACT THAT ONLY A CONDUCTIVE OPERATIONAL ENVIRONMENT WOULD FACILITATE THE ACHIEVEMENT OF ITS STRATEGIC GOALS

COMMISSION CALL

- Olaide Shonola -

1

The new Ministers of State in the Petroleum Ministry, Sen. Heineken Lokpobiri, Minister of State, Petroleum Resources (Oil) and Hon. Ekperipe Ekpo, Minister of State, Petroleum Resources (Gas), recently inaugurated by President Bola Ahmed Tinubu, assumes office. In a ceremony held at the PTDF Headquarters in Abuja, both Ministers were welcomed by the Commission Chief Executive, Engr. Gbenga Komolafe FNSE, OFR, and other Chief Executives of various agencies of the petroleum ministry.





2

NUPRC was honored with Institution of the Year Award at the Energy Year Conference 2023. The award was received by the Commission Chief Executive, Engr. Gbenga Komolafe, FNSE, OFR, on behalf of the Commission.





3

A team from Human, Environmental and Development Agenda (HEDA) Resources Centre led by its Chairman, Governing Board, Mr. Olanrewaju Suraju, paid a courtesy visit to the Commission's Headquarters in Abuja.





4

Engr. Gbenga Komolafe, FNSE, led the Commission's delegation to a High Level Security meeting on Crude Oil theft at the Defence House, Abuja.



5

The Commission Chief Executive, Engr. Gbenga Komolafe, FNSE, during a courtesy visit to the Chairman Senate Committee on Petroleum Upstream, Senator Eteng Jonah Williams in his office at the National Assembly Complex, Abuja.



6

Engr. Gbenga Komolafe receives the new Chairman/ Managing Director Exxon Mobil, Mr. Shane Harris, in his office in Abuja



7

Management and Staff of NUPRC welcome the Honourable Minister of State Petroleum Resources, Senator Heineken Lokpobiri, to the Commission's Headquarters, Jabi and Abuja. The Minister also visited the site of the Commission's new headquarters building, the Barrel House, which is still under construction.



8

The CCE, NUPRC, Engr. Gbenga Komolafe, FNSE, OFR, attend the 30th Anti-Corruption Situation Room (ACSR) National Conference in Abuja.



9

The Nigerian Annual International Conference and Exhibition (NAICE) 2023, held recently at the Eko Hotels & Suites, Victoria Island, Lagos. The Commission Chief Executive, Engr. Gbenga Komolafe, FNSE, OFR, was represented by the Head, National Oil & Gas Excellence Centre (NOGEC), Mr. Abel Nsa.





10 NUPRC INDEPENDENCE DAY CELEBRATION



11

Mr. Paul Arkwright, Senior Advisor African Matters Limited & Former United Kingdom High Commissioner to Nigeria pays a courtesy visit to the NUPRC Headquarters Abuja.



12

A tripartite engagement involving the NUPRC, Special Adviser (SA) to the President on Energy and First E&P, which held at the NUPRC headquarters in Jabi, Abuja, recently.



Tinubu Honours NUPRC boss Komolafe on 60th birthday

- Paul Agada

President Bola Tinubu has felicitated with the Chief Executive Officer of the Nigerian Upstream Regulatory Commission (NUPRC), Gbenga Komolafe, as he marks his 60th birthday anniversary.

The President who conveyed his felicitations in a statement issued by his Special Adviser on Media and Publicity, Ajuri Ngelale, saluted Komolafe's laudable services to the nation in various capacities.

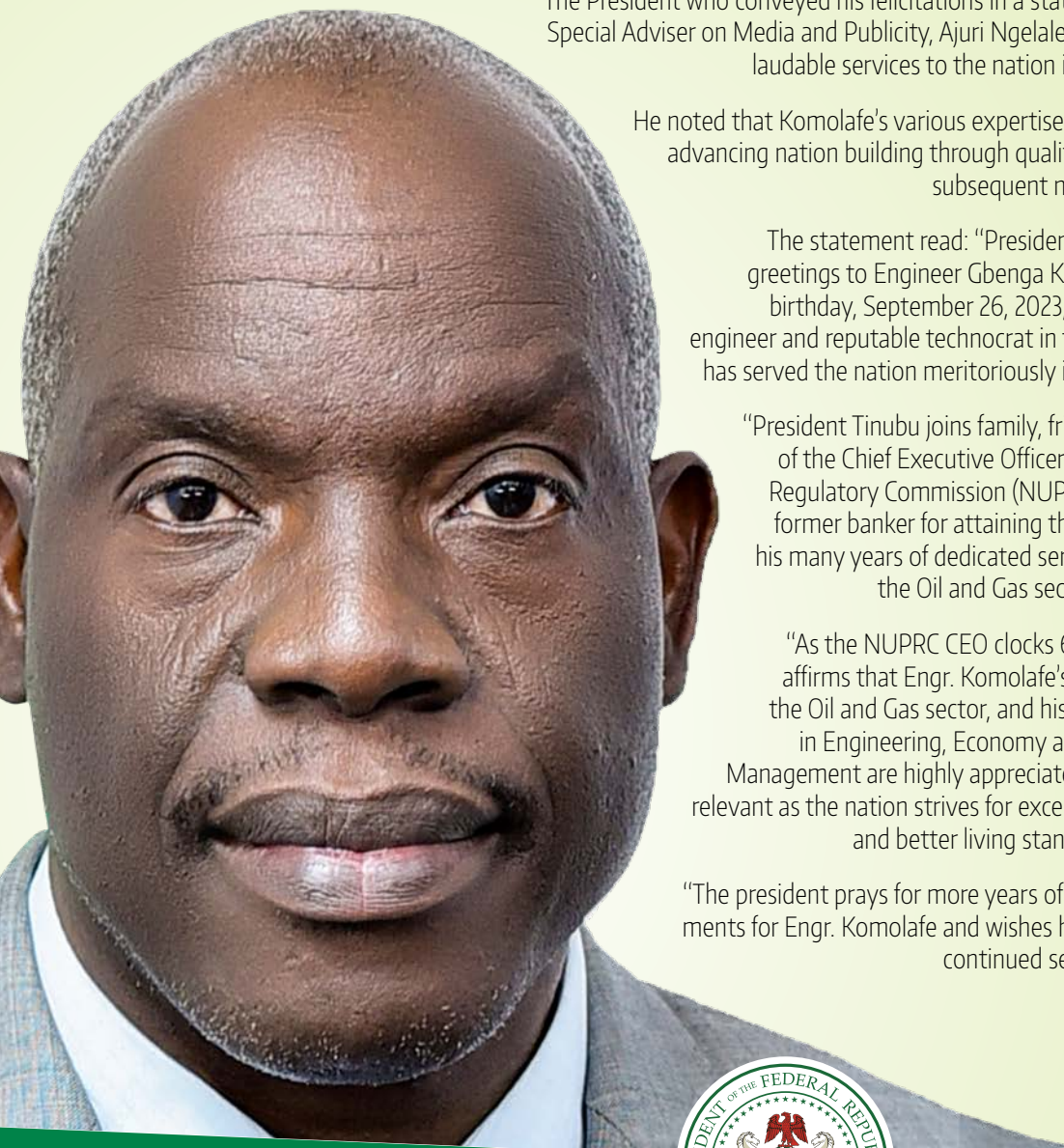
He noted that Komolafe's various expertise will position him for advancing nation building through quality service delivery in subsequent national assignments

The statement read: "President Bola Tinubu sends greetings to Engineer Gbenga Komolafe on his 60th birthday, September 26, 2023, felicitating with the engineer and reputable technocrat in the oil industry, who has served the nation meritoriously in various capacities.

"President Tinubu joins family, friends and associates of the Chief Executive Officer, Nigerian Upstream Regulatory Commission (NUPRC) to celebrate the former banker for attaining the Diamond Age and his many years of dedicated service to the nation in the Oil and Gas sector at various levels.

"As the NUPRC CEO clocks 60, President Tinubu affirms that Engr. Komolafe's deep knowledge of the Oil and Gas sector, and his other contributions in Engineering, Economy and Human Resource Management are highly appreciated and will keep him relevant as the nation strives for excellent service delivery and better living standard for her citizens.

"The president prays for more years of greater accomplishments for Engr. Komolafe and wishes him good health and continued service to our nation."





GUIDE TO ORGANISATIONAL SECURITY

In today's rapidly evolving business landscape, organisational security has become more critical than ever. As enterprises become increasingly digitized and interconnected, they are exposed to a wide range of security threats that can compromise sensitive information, disrupt operations, and tarnish their reputation. This article explores the multifaceted realm of organisational security, providing insights into the key components, best practices and strategies that organisations can adopt to create a robust security framework.

Understanding Organisational Security

Organisational security encompasses a holistic approach to protection of an organisation's assets, both tangible and intangible. It involves safeguarding not only physical assets like buildings and equipment but also digital assets like data, intellectual property, and the overall IT infrastructure. Effective Organisational security considers the interplay of technology, policies, procedures, and human behaviour to create a comprehensive defence against a wide range of threats.

Key Components of Organisation Security

- 1. Physical Security:** This involves measures to protect physical assets, facilities and personnel. Access controls, surveillance systems, alarm systems and secure entry points are critical elements of physical security.
- 2. Information Security:** Information is one of an

organization's most valuable assets. Protecting sensitive data from unauthorized access, theft, and cyber-attacks is paramount. Encryption, access controls, regular data backups and secure authentication methods are integral to information security.

- 3. Network Security:** With the growing reliance on digital communication and data storage, securing an organization's network infrastructure is essential. Firewalls, intrusion detection systems, regular security assessments and secure remote access protocols are vital for maintaining network security.
- 4. Employee training and awareness:** Human behavior is a significant factor in Organisational security. Employees should be educated about security best practices, social engineering threats and the importance of adhering to security policies and procedures.
- 5. Incident response planning:** No security framework is complete without a well-defined incident response plan. This plan outlines the steps to be taken in the event of a security breach, minimise damage and ensuring a swift recovery.

Best practices for Organisational security

- 1. Risk assessment:** Regularly assess potential vulnerabilities and threats specific to your organization. This enables proactive identification and mitigation



of potential security risks.

- 2. Security policies and procedures:** Develop and enforce comprehensive security policies that cover aspects such as data mining/ handling, access controls, password management and acceptable use of technology.
- 3. Access control:** Implement the principle of least privilege, granting employees access only to the resources necessary for their roles. This minimizes the risk of unauthorized access.
- 4. Regular updates and patches:** Keep all software, operating systems, and applications updated with the latest security patches to address known vulnerabilities.
- 5. Third-party risk management:** Evaluate and monitor the security practices of third-party vendors and partners, as their vulnerabilities can potentially affect your organization.
- 6. Testing and training:** Conduct regular security assessments, penetration testing and simulated phishing exercises to identify weaknesses in your security measures. Continuously train employees to recognise and respond to security threats effectively.

Some security hints for your pleasure

1. Keep a close tab on your wards as everyone is a potential target for kidnap, ransom and ritual.
2. It's still the season of Anthrax, always keep the social distance for the good of your family and loved ones.
3. Ensure to keep firefighting equipment at home and please be careful/mindful of causes at home.
4. Eschew flamboyant spending and be mindful of the rainy day.
5. Live in /around safe and secure environment.

Conclusion

Organisational security is a dynamic and ongoing effort that requires vigilance, adaptability, and a commitment to continuous improvement. By adopting a holistic approach that combines physical, digital and human-centric security measures, organizations can create a resilient defense against an evolving landscape of threats. A secure organization not only protects its assets but also cultivates a culture of trust and confidence among its stakeholders, paving the way for sustained success in an increasingly interconnected world. ■

Remember, '**Security is Synergy**'
...See Something Say Something.

NUPRC Security Services



ATTRACTING INVESTMENTS TO THE NIGERIAN UPSTREAM PETROLEUM INDUSTRY IN AN ENERGY TRANSITION ERA

THE EXECUTIVE COMMISSIONER,
ECONOMIC REGULATION & STRATEGIC PLANNING
NIGERIAN UPSTREAM PETROLEUM REGULATORY
COMMISSION (NUPRC)

- DR. KELECHI ONYEKACHI OFOEGBU, FCIA -

Regardless of the target sector, there are conditions precedent to attracting credible investments. These would include the assurance of adequate returns on investment, relatable value proposition, certainty and predictability of the legal and regulatory framework, contract sanctity, target market size and potential demand, adequate infrastructure, human capital, security, stable macro-economic environment, including the ability to repatriate capital and profits and, importantly, a justice system that works.

In addition to the conditions listed above, investment in the Nigerian upstream sector presupposes that

prospectivity of the acreages has been ascertained, credible partnerships can be formed, Laws and Regulations that actually support and enable businesses are emplaced, respect for the rule of Law exists, cooperation of host communities can be secured and assured, regulatory discretion, decisions and Government actions are exercised judiciously and judicially, and most importantly, that the menace of crude theft can be summarily and decisively dealt with.

Other measures required to attract investment in the Nigerian Oil and Gas sector include:

- Entrenching transparency and accountability in the

- conduct of business in the industry.
- Enhancing regulatory ease of doing business through streamlined approval processes for licenses and permits, and reduction in bureaucratic bottlenecks.
 - Improving the pace of policy implementation in the industry.
 - Improving collaboration among government departments and agencies as well as other key stakeholders in the industry.
 - Developing strategies for close linkages within and between supply chains and growing the public and private sector capacity to deliver value.

Nigeria has made efforts to improve its regulatory framework, enhance contract transparency, and streamline processes, to instill confidence in investors. Some of these policies and laws include Executive Order 001 of 2017, also known as the "Presidential Executive Order on the Promotion of Transparency and Efficiency in the Business Environment. This order promotes the use of technology, encourages accountability, and reduces corruption in the public sector, The Business Facilitation Act, which was recently enacted to promote the ease of doing business in Nigeria, eliminate bottlenecks, amend relevant legislation to promote the ease of doing business in Nigeria and to institutionalize all the reforms to ease implementation. In this regard, the Act notably amended about 21 business-related laws, some of which include the Companies and Allied Matters Act, Nigerian Export Promotion Council Act, Foreign Exchange (Monitoring and Miscellaneous) Act, and Nigerian Investment Promotion Commission Act, amongst others.

Nigeria boasts a large domestic market with a population of over 200 million people. The growing energy demand, driven by population growth and industrialization, presents a significant market for oil and gas products and services. Investors can tap into this expanding market and benefit from the increasing demand for energy resources.

Nigeria's large population and growing economy provide a substantial market for oil and gas products and services. Investors are attracted to the potential for robust demand and long-term growth in the Nigerian market. As the country continues to develop and industrialize, the need for energy resources remains high, offering opportunities for investors across the value chain.

The Petroleum Industry Act (PIA) as enacted in 2021 has enhanced the business landscape in Nigeria's petroleum industry, as it has provided a more transparent, efficient and investment-friendly regulatory framework for the industry. This renewed disposition reflects the nation's readiness to attract local and international investors in the oil and gas space. Furthermore, and in line with the provisions of the PIA, the Commission has developed priority regulations to reinforce meaning to the intent of the Act, hence creating a predictable regulatory environment for would-be investors. So far, eight (8) priority regulations have been gazetted, while five (5) others have been submitted to the Ministry of Justice for review and six (6) are at various stages

of development.

One of the significant provisions in PIA 2021 is **Section 234**, which establishes the Host Community Development Fund. This fund is a pivotal aspect of the PIA's commitment to ensure that oil and gas operations directly benefit the local communities in which they take place. **The Host Community Development Fund**, as outlined in the PIA 2021, aims to address the historical neglect and environmental challenges faced by host communities. It seeks to empower these communities by providing them with the necessary resources for sustainable development, infrastructure improvement, and social amenities. The establishment of the Host Community Development Fund and the accompanying Trust Fund reflects a significant step forward in addressing the longstanding challenges faced by oil and gas communities in Nigeria. It demonstrates the government's commitment to fostering sustainable development, enhancing social welfare, and creating an enabling environment for investments in the oil and gas sector.

Nigeria's role as a major player in the global oil and gas industry is certainly not in doubt, as we are currently the highest oil producer in Africa and the second highest in terms of proven oil reserves with huge potential for growth. As of **January 1st, 2023**, Nigeria boasts of **36.966 billion barrels** of oil and condensate reserves and **208.83 trillion cubic feet of natural gas reserves**, opening a large opportunity for investments in the upstream oil and gas sector.

Consequently, the Federal Government of Nigeria declared 2021 to 2030 as the Decade of Gas, coming on the back of 2020 which was our 'Year of Gas'. The Government has therefore declared natural gas our transition fuel; being an energy source with a lower carbon footprint compared to other fossil fuels. Unfolding events have equally shown that natural gas is our destination fuel, with a projection that gas will form a significant part of the energy mix for Nigeria by the year 2030 and beyond. In recognition of this, Government has designed the "Decade of Gas" programme that ensures that gas plays a role in lift us from the challenges that confront us to drive industrial development.

At the heart of this programme is the vision to drive infrastructure and industrial development of Nigeria to prosper our citizens and make life more meaningful for all. The work done so far has aggregated the gas demand and supply views, infrastructure requirements and the suitable pricing framework which will serve as the enabler for unlocking the investments required which in turn will drive the convergence of demand and supply. That work reveals that growth in gas demand outstrips supply, driven largely by growth in domestic demand which was enabled by an improvement in Domestic Supply Obligation. Between 2020 and 2030, demand is expected to grow at a compound annual growth rate of 16.6% p.a. and Nigeria may face "...an impending gas supply crisis with a potential shortfall of 3.1 bcf/day by 2030" in the 'Base Case Demand and Supply' scenario.

Competitive Fiscal Terms

The Nigerian government has implemented various investment incentives and policies to attract investors to the oil and gas sector. These include fiscal incentives, tax breaks, streamlined licensing and permitting processes, and attractive contractual terms. Such incentives provide investors with a favourable business environment and encourage their participation in the industry. The Nigerian Investment Promotion Commission (NIPC) promotes investment opportunities in Nigeria and highlights the available incentives, including tax holidays, pioneer status, and repatriation of profits. These incentives contribute to attracting investors to the oil and gas industry. The PIA has also introduced a myriad of incentives such as zero hydrocarbon tax, reduced royalty rates, and tax consolidation provisions amongst others, to ensure that the Nigerian oil and gas sector is competitive, in the face of growing competition from other regions in Africa.

Security and Stability

Investors prioritize security and stability in their investment decisions. The Niger Delta region, known for its significant oil and gas reserves, has experienced various security issues, including attacks on oil installations, pipeline vandalism, and the activities of militant groups. These challenges have disrupted operations, reduced production, and posed risks to the safety of personnel and infrastructure. Addressing these security concerns is crucial in attracting and retaining investments in the Nigerian oil and gas industry.

Furthermore, the PIA emphasizes the importance of sustainable community development and the need to address the underlying causes of militancy. By establishing the Host Community Development Fund, as mentioned earlier, the Act aims to channel resources into community development initiatives, thereby promoting social welfare, reducing grievances, and creating economic opportunities. Furthermore, Section 257(2)-S257(3) of the PIA serves as a form of deterrence for host communities in the Nigerian oil and gas sector. It establishes consequences for acts of vandalism, sabotage, or civil unrest that result in damages to petroleum-designated facilities and disrupt production activities. According to this provision, if such activities occur, the host community may forfeit its entitlement to the host community fund. It is hoped that these inclusive development efforts can contribute to long-term stability and security in the Niger Delta region.

The Nigerian government, in collaboration with security agencies, has also taken significant measures to curb militancy and improve security in the oil and gas sector. These efforts include increased surveillance, intelligence gathering, and collaboration with international partners to combat illegal activities and ensure the safety of operations. The presence of a secure environment is essential for attracting investors to the Nigerian oil and gas industry. The government's proactive approach to addressing security challenges, particularly in the Niger Delta region, through the introduction of the Host Community Police and



the establishment of the Host Community Development Fund, sends positive signals to investors. It demonstrates a commitment to maintaining stability, protecting investments, and ensuring the long-term sustainability of the sector.

So, with all the measures and statistics outlined above, as well as the effort by the Commission to create a predictable, stable and business-enabling investment environment, the question that remains to be answered is how to ensure that these measures and numbers translate into unlocking the necessary capital resident in the different hedge funds, private equities, financial institutions and other institutional investment vehicles that the international financial ecosystem is replete with.

Distinguished participants, the answer to this question is inexorably tied to the energy transition and the requirement by funding bodies for potential investments to comply with ESG. The global movement toward transitioning from a fossil fuel-based economy to a zero-carbon economy by 2060 (for Nigeria) has thrown up fresh challenges which potential investments need to contend with. Every day that passes reveals new challenges for the transition and affects the nature and quantum of capital, and access thereto, required to overcome these.

In response to the energy transition, Nigeria adopted gas as its transition fuel. With proven reserves of 208.83 trillion cubic feet of natural gas, and an upside of 600 trillion cubic feet, it was a no-brainer that Nigeria would make the case for the utilisation of its vast gas resources. It took some time for the global community to accept this narrative, but the world finally listened, especially as this view gathered momentum and acceptance among the other nations that were similarly circumstanced with vast gas reserves.

Despite the global clamour for decarbonization and energy transition, several studies have confirmed that oil and gas remain relevant in the global energy mix, to guarantee energy security for our teeming population. Indeed, gas is now seen, not only as our transition fuel but also as our destination fuel as it is projected that this will feature highly in the global energy mix by 2060, our year of net-zero carbon emissions. Investment in the infrastructure required to produce, distribute, & consume energy therefore becomes critical, and the financing required for this needs to mirror this compartmentalization.

To attract that funding, there needs to be transition



projects that are bankable. Covid-19 pandemic put a lot of strain on global credit sources and many energy projects are struggling to attract capital because of all the associated risks - political, environmental, performance etc. Thus, in this context, bankability encompasses all those conditions-precedent highlighted earlier, as well as measures that address compliance with the energy transition and decarbonisation, social licence to operate and the risk of capital failure associated with governance, ethics and ethos. Investments based on long-term contracts are characteristic of this sector. An investor needs to have the appetite to invest for an upward of 15 years to 20 years, thus, for that investor, the confidence and assurance that a market exists for the product, as well as a corporate commercial structure that will deliver within that market for the entire period, is crucial.

So, how has the Commission responded to the energy transition and the requirement to comply with ESG...? The Commission as the upstream petroleum industry regulator, has embarked on the development of a regulatory framework for carbon-pricing system, to make businesses pay for their emissions and incentivize emission reductions through carbon credits. Accordingly, a new Department called "Energy Transition and Carbon Monetisation" has been created in the Commission to coordinate the drive towards energy transition in the Nigeria oil and gas sector. The new department will drive the focused implementation of robust regulatory framework for decarbonisation of upstream operations, introduce clean mechanisms in field development, mitigate impact of energy transition and ensure sustained investments in Upstream operations whilst improving the environment credentials of oil and gas. It is our hope that in months to come, we should be able to share the vital lessons from the Nigerian transition success story to the global community.

Furthermore, the Commission expects to significantly increase gas consumption during "the Decade of Gas". On the aegis of this initiative, several projects have been identified and selected after an assurance process that ensures that they meet the bankability threshold described earlier. These projects are designed to collectively deliver an additional 3BSCF of gas for domestic and export purposes and represent an excellent example of public-private partnership that will deliver value to the Nigerian populace and excellent returns on investment for the discerning

investor. The Commission is championing this initiative and will, in conjunction with other critical stakeholders, commence negotiations this Q3, 2023 designed to unlock these projects.

The adoption of natural gas as a transition fuel is a boost for Nigeria as our gas reserves can be harnessed to help the country's transition to Net Zero by 2060 while driving economic growth and development, thereby simultaneously tackling energy poverty and meeting the climate ambition. Accordingly, the Commission has intensified efforts to grow gas reserves, boost production and eliminate routine gas flares in all upstream operations across the value-chain, while also dealing with methane capture and other fugitive gas emissions. To provide a regulatory framework for this, we have developed and issued the 'GUIDELINES FOR MANAGEMENT OF FUGITIVE METHANE AND GREENHOUSE GASES EMISSIONS IN THE UPSTREAM OIL AND GAS OPERATIONS IN NIGERIA'. The

significance of this is that more gas would be available for domestic utilization as Liquefied Petroleum Gas (LPG), feedstock for power generation plants, fertilizer plants and petrochemicals to mention but a few. Each of these areas shows that gas would truly be the catalyst and fuel for industrialisation as well as provide unique entry points for willing investors and opportunities to build capacity locally. The Commission since inception has concluded and commenced various initiatives and programs to create investment opportunities and enhance the development of the upstream oil and gas industry in Nigeria, notable among which are:

- Completion of the 2020 Marginal Field Bid Round and award of Petroleum Prospecting licences (PPL).
- Initiation of the ongoing 2022/2023 mini bid round for deep offshore assets
- Re-commenced the Nigerian Gas Flare Commercialization Program, the results of which will soon be announced.

Though these programs have been initiated and are ongoing, opportunities still exist for investors as NUPRC continues to implement strategic actions and initiatives aimed at increasing national crude oil and gas reserves and production. In this regard, the Commission will in the weeks ahead organise its Maiden Nigerian Upstream International Investment and Financial Roadshow (NUIIFR) for Petroleum Prospecting Licence (PPL) Awardees, NGFCP Bidders, and potential investors in the upcoming Mini Bid for Deep Water Assets, to explore funding opportunities and leverage capabilities of industry players, prospective Investors (local and offshore) to de-risk the assets and awards. The event will provide opportunity for participants to network, exchange ideas and chart strategic pathways to enhance investment opportunities.

In conclusion, it is our conviction in the Commission that the future is bright, and we look forward to engaging with potential investors, that will collaborate with us in building partnerships and unlocking the full potential of Nigeria's upstream petroleum sector. Indeed, and as re-echoed by Mr. President Bola Ahmed Tinubu, Nigeria



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Projects

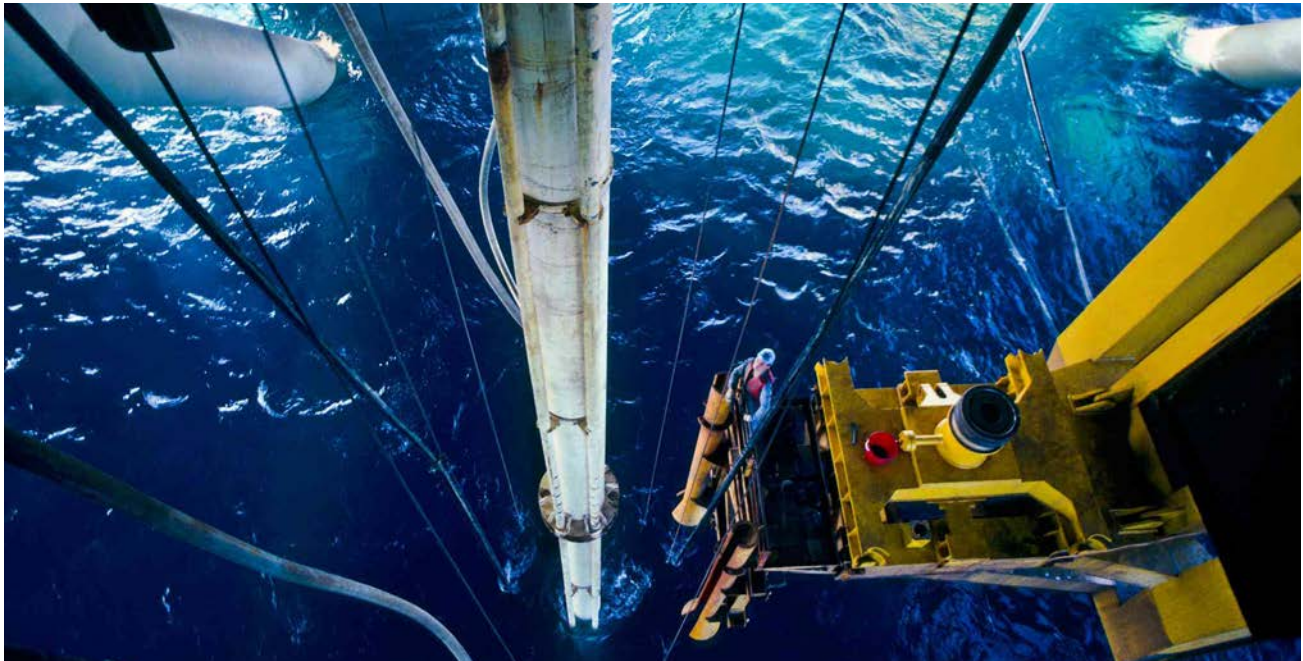
- Rehabilitation of Port-Harcourt Refinery - Area 1&2
- EPCIC Project for Sapele Gas Plant
- Rehabilitation of Port-Harcourt Refinery - Area 5
- Pipe Racks and Manifold Skid Fabrication - ANOH Gas Plant
- Fabrication, E&I, Installation, and Commissioning - Oben Gas Plant
- Flowline Fabrication and Installation Construction - Abura 4"
- Operations and Maintenance - FPSO Trinity Spirit
- As Built - Oben Gas Plant

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OVERVIEW OF THE FISCAL REGIME IN PLA AND CONTRACT STRUCTURE

RELATIONSHIP BETWEEN PETROLEUM POLICY AND E&P CONTRACTS

The Petroleum Policy of a nation governs the management of the exploration and extraction of petroleum resources under its jurisdiction. It births the enactment of petroleum laws, fiscal laws, and subsidiary regulations. Oilfields may be wholly owned and developed by the country through its National Oil Company (NOC) or through Exploration and Production (E&P) contracts between the NOC and International Oil Company (IOC)/ Indigenous. In either case, the petroleum laws will specify the requirements for the issuance of petroleum licenses for oilfield exploration activities and the obligations of the lessee/licensee. In most petroleum laws, a petroleum exploration license is issued for 5 to 10 years for companies to explore a field for the potential commercial discovery of petroleum, and if successful, a petroleum mining license is issued for 20 years for the development and production within the concession. Following this, both the NOC and the IOC will sign E&P contracts ensuring a balance of investment between the two parties and compliance with petroleum policy, laws, and regulations. The petroleum policy, in conjunction with the fiscal regime, establishes the

financial proceeds derived from the production and sale of petroleum. There may be specific fiscal laws (income tax law, petroleum profit law) or fiscal provisions appended to the petroleum laws and regulations. Some developing nations or those in the early stages of petroleum discovery and production may lack comprehensive petroleum laws, tax laws, and regulations governing the petroleum prospecting, production, and sale industries. In such cases, the awarding of concessions typically begins with the signing of E&P contracts. To ensure that all parties are treated fairly, these contracts outline the applicable terms and conditions for the award and conduct of activities in the concession within a specified timeframe.

Differences between the fiscal regime and E&P Contracts

The fiscal regime of a country is best characterized as the applicable laws and regulations that govern taxation and economic benefits from the administration of petroleum resources, with the goal of ensuring that both the government and investors derive reasonable benefits from the

sale of petroleum. The deductible taxes which are backed by applicable tax laws are in different components, there is the royalty which is a percentage of the revenue from produced petroleum, the percentage may vary with parameters such as volume, or terrain. Corporate Income Tax is a percentage of the company's profit and is calculated after the deduction of all operating expenses and capital expenditures. We have an Additional Profit Tax/ Petroleum Profit Tax/ Hydrocarbon Tax, which ensures that the government also benefits from a rise in the price of petroleum in the event of market fluctuations or excess profits. It represents a percentage of the sales' excess profit. Miscellaneous taxes include rental fees and bonuses, a withholding tax on shareholders' dividends, loan interest, stamp duties, and import/export duties as applicable.

On the other hand, the E & P contracts are premised upon the petroleum policy and fiscal regime as defined by the laws and regulations of the country. The purpose of these contracts is to establish agreements that encourage a transparent business environment and a level-playing field between investors and governments. Depending on the structure and arrangement, the numerous E&P contracts have their own terms, and the contractual agreement encompasses the payable taxes. They may incorporate exemptions from certain taxation regulations, aiming to incentivize investors and offer flexibility. They consist of the Concession Agreement, the Production Sharing Contract, the Risk Service Contract, the Service Agreement, and the Joint Venture Agreement.

A fair government take defined under a fiscal system.

There are various elements that influence the establishment of petroleum exploration and production operations. One notable aspect is the volatility of petroleum prices, which may be attributed to issues such as energy security, governmental decisions, economic uncertainty, and external concerns like regional conflicts or warfare. An exemplary illustration can be observed in the market disruption resulting from the continuing conflict between Russia and Ukraine. Moreover, the profitability of an investment is subject to variation based on several aspects, including the reserves in the oilfield, the type of production infrastructure, the grade of petroleum among others. These are factors affecting the petroleum economic rent globally and responsible for variations in the cost of production from \$9 and \$30 per barrel across the oil and gas-producing countries.

Therefore, a general approach to taxation using the fiscal regime may not provide a fair share for the government take, rather a holistic approach accounting for the dynamic of the sector and market will ensure that both the government and contractor or lessee are not shortchanged throughout the duration of the contract. This has led to solutions such as using a ring fence per contract based on the peculiarity of the oilfield in some countries, the sliding scale using production figures from the field, the effective rate of return (RoR), the R-factor – Revenue to Cost ratio

from the date of contract to a period for production sharing.

Justification for fiscal stabilization clause

To safeguard the investments and interests of all stakeholders in contractual agreements, it is imperative to address potential alterations to the investment landscape, including revisions and amendments to petroleum policies, fiscal laws, and regulations. This is particularly important when such amendments have the potential to either raise taxes or diminish the profits of the contract holder or lessee. Likewise, it is imperative for the government or NOC to reap the advantages stemming from any supplementary revenues generated through the petroleum trade. The E&P contracts include an economic equilibrium stabilization clause that any of the parties may request its activation in the event of changes that have negative impacts on the business environment, economic gains, and existing conditions.



PIA and E&P Contracts

A new Petroleum Industry fiscal framework applicable to all Petroleum Mining Leases (PMLs) in Nigeria has been introduced in Chapter 4 of the Petroleum Industry Act, 2021. Considering the requirements of sections 6a, 85, and 98(2) of the Petroleum Industry Act, 2021, the Commission has a mandate to ensure compliance with the fiscal regime for all exploration and production contracts, and upstream agreements. A comprehensive analysis of the structure of the upstream petroleum contracts currently in existence in Nigeria, including the achievements, shortcomings, lessons learned, and global practice, is essential for:

1. the accomplishment of the mandate
2. compliance with the fiscal framework and
3. protection of national interests.

Akinmoladun, A. A.

Standards Conformity & Technology Adaptation (SCATA)
Development & Production Directorate

DELEGATION TO RUSSIA-AFRICA SUMMIT

A meeting held between the FHC team and the Nigerian delegation to Russia, headed by the Vice President, Senator Kashim Shettima, comprising the Hon. Minister of Foreign Affairs, Ambassador Yusuf Maitama Tuggar, Commission Chief Executive, Nigerian Upstream Petroleum Regulatory Commission, Engr. Gbenga Komolafe, FNSE, Permanent Secretary, Ministry of Petroleum Resources, Mr. Gabriel Tanimu Aduda. Both teams exchanged views on potential collaborations and partnerships to identify investments opportunities in sectors such as oil & gas, as well as other areas with the aim of promoting economic growth and development in Nigeria.



Phase Four (4) Consultative Forum with Stakeholders on Draft Regulations in Compliance with Section 216 of the Petroleum Industry Act (PIA), held at the Transcorp Hilton Abuja



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Commission Chief Executive, Engr. Gbenga Komolafe, FNSE, OFR, during the National Leadership Conference at the Transcorp Hilton Hotel, Abuja, where he presented a paper "Setting Standard for Organisational Performance". The organisers, Gotni Leadership Center, presented CCE with an award.



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HOW TO FOSTER A CULTURE OF DIVERSITY & INCLUSION IN THE WORKPLACE

- Moedu Adaeze

In today's globalised and interconnected world, embracing diversity and promoting inclusion within the workplace is not just a moral imperative, but also a key driver of success. A diverse and inclusive workplace fosters innovation, creativity, and better decision-making. In this article, I will explore effective strategies for fostering a culture of diversity and inclusion in your organization.

1. Establish a Clear Commitment to Diversity and Inclusion

- Clearly communicate your organization's commitment to diversity and inclusion through a formal statement or policy.
- Ensure that leadership sets the example by actively promoting and valuing diversity.

2. Assess and Address Unconscious Bias

- Conduct training programs to educate employees on the impact of unconscious biases and provide tools to overcome them.
- Encourage employees to challenge their own biases and promote inclusivity in their interactions.

3. Review and Revise Hiring and Promotion Processes

- Ensure job postings use inclusive language and target a diverse pool of candidates.
- Implement blind resume screening to remove bias and focus solely on qualifications.
- Consider implementing diversity quotas, mentorship programs, or affinity groups to support the growth and advancement of underrepresented groups.

4. Enhance Employee Engagement

- Foster an inclusive and respectful work environment where every employee feels valued and heard.

- Encourage open dialogue and diversity of perspectives in meetings and decision-making processes.
- Celebrate diversity through cultural events, awareness campaigns, or employee resource groups.

5. Provide Diversity and Inclusion Training

- Offer ongoing diversity and inclusion training to all employees.
- Focus on topics such as unconscious bias, microaggressions, cultural competence, and communication skills.
- Provide resources and support networks for employees from diverse backgrounds.

6. Flexible Workplace Policies and Benefits

- Implement policies that support work-life balance and accommodate diverse needs.
- Offer flexible scheduling, remote work options, and parental leave benefits.
- Ensure that workplace policies are inclusive and do not discriminate based on gender, religion, or other characteristics.

7. Measure and Track Progress

- Create a system for measuring diversity and inclusion metrics, such as representation, retention, and employee engagement.
- Regularly review progress, identify gaps, and develop action plans to address any issues.

Conclusion

Fostering a culture of diversity and inclusion is an ongoing process that requires consistent effort, education, and commitment. By implementing these strategies, organizations can create an environment where all employees feel valued, respected, and empowered to contribute their unique perspectives and talents. Embracing diversity and inclusion not only fosters a strong and united workforce but also contributes to overall business success.

GAZEDIASPORA

- Nze David Ugorji -



Frank's approach to creating handcrafted leather goods is a testament to his commitment to quality and craftsmanship. Here are some key points about his business:

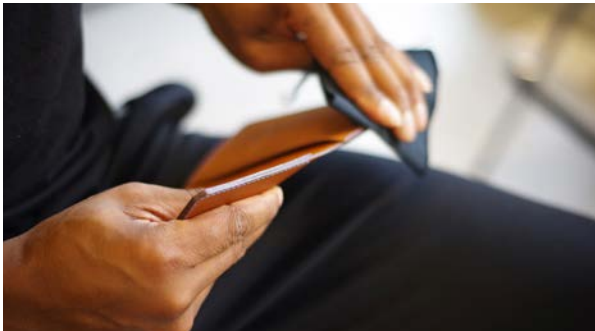
Materials: He uses vegetable-tanned leather, which is known for its durability and ability to develop a unique patina over time. The array of finishes he offers suggests a wide range of choices for customers. **Design and Craftsmanship:** Frank takes pride in designing, developing, and crafting each of his creations in-house. This means that he is personally involved in every step of the process, ensuring quality and attention to detail.

Bespoke Service: Frank offers a bespoke service, which means that he can create one-of-a-kind pieces tailored to individual customer preferences. This service is likely to appeal to customers looking for something truly unique and personalized.

Ready-to-Go Collection: In addition to bespoke creations, Frank also offers a ready-to-go collection of designs made to order. These designs are produced in small batches. This approach allows him to maintain the uniqueness and personality of his products while also ensuring quality control.

Small Batch Production: The decision to produce in small batches is a smart one for maintaining quality and craftsmanship. It also adds an element of exclusivity to his products, as customers are less likely to encounter others with the same items.

Frank's business model and commitment to quality make his leather goods an attractive option for customers looking for handcrafted, unique, and well-made products. It's also great that he offers both bespoke and ready-to-order options to cater to a range of customer preferences.



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A detailed illustration of a construction site in shades of blue and grey. In the foreground, a large crane is lifting a concrete bucket. Several construction workers are visible: one on a ladder, one on a platform, and another on a high beam. In the background, a building under construction is visible against a dark sky. The overall scene is one of active building and progress.

BUILDING A STRONG

BRAND

IDENTITY

THE FOUNDATION FOR SUCCESS

- Moedu Adaeze -

In today's competitive marketplace, having a strong brand identity is crucial for businesses seeking to stand out and establish a loyal customer base. A well-defined brand identity not only differentiates your organisation from competitors but also creates a lasting impression in the minds of consumers. This article will explore the key elements of building a strong brand identity and why it is essential for long-term success.

1. Define Your Brand Values

At the core of a strong brand identity lies a set of values that reflect what your organisation stands for. Start by identifying the values, beliefs, and principles that guide your business. These values will serve as a foundation for your brand's personality and will shape how you communicate and interact with your target audience.



2. Positioning and Differentiation

To position your brand effectively, you need to understand your target market and how your offerings meet their needs. Conduct thorough market research to identify your unique selling proposition and determine how you can differentiate yourself from competitors. This differentiation should be communicated clearly and consistently across all touchpoints, highlighting the unique value your brand provides.

3. Craft Your Brand Messaging

Once you have defined your brand values and positioning, it's important to develop a compelling brand message that resonates with your audience. Your brand message should clearly articulate who you are, what you do, and why your target audience should choose your brand. It should be concise, memorable and align with your brand's values and personality.

4. Visual Identity System

Visual elements play a vital role in establishing a strong brand identity. Create a visual identity system that includes a distinctive logo, colour palette, typography, and other design elements that visually represent your brand. Consistency in visual branding across all customer touchpoints, including websites, packaging, and marketing materials, will help reinforce brand recognition and recall.

5. Consistency is Key

Consistency is paramount in brand building. Ensure that every aspect of your brand, from messaging to visual identity, remains consistent across all platforms and communications. Consistency not only reinforces brand recognition but also builds trust and credibility among your consumers.

6. Brand Experience and Customer Engagement

A strong brand identity is not just about visual elements and messaging; it's also about the experience customers have when interacting with your brand. Every interaction should reflect your brand's values and personality. Focus on creating positive customer experiences at every touchpoint, be it in-store, online, or through customer service. Engage with your customers through social media, events, and other channels to foster a sense of community and loyalty.

Conclusion

Building a strong brand identity is a continuous process that requires careful consideration, consistency, and effective communication. A well-defined brand identity not only differentiates you from competitors but also creates a lasting and meaningful connection with your target audience. By investing time and effort in developing a strong brand identity, your organisation can reap the rewards of enhanced brand recognition, customer loyalty, and long-term success.



Developing Regional Know-How

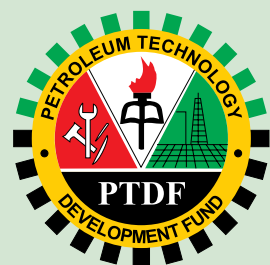
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GAZETOURISM

- Favour Olushola -

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ZUMA ROCK

Zuma Rock is a notable geological feature located in Nigeria, specifically in Niger State, near the capital city of Abuja. It is indeed composed primarily of igneous rocks, mainly gabbro and granodiorite. These rocks are known for their durability and resistance to weathering, which has contributed to the formation of distinctive features on the rock surface over time.

One of the most famous characteristics of Zuma Rock is the human-like facial feature that appears to be imprinted on the rock. This feature includes what appear to be eyes, a nose, and a mouth, giving the rock a somewhat anthropomorphic appearance. The natural erosion and weathering of the rock's surface over thousands of years are responsible for creating this unique and intriguing pattern.

As for the mention of the rock getting alight with fire during the rainy season, it's essential to note that Zuma Rock does not spontaneously catch fire. However, there are times when it may appear to be on fire, especially during the rainy season, due to the reflection of sunlight on its wet and dark surface. When the sun's rays strike the wet rock, it can create a visually striking and fiery appearance, but this is a natural phenomenon related to the play of light and water on the rock's surface and not an actual combustion of the rock itself.

Zuma Rock is not only a geological wonder but also holds cultural and historical significance for the people of Nigeria and is often referred to as the "Gateway to Abuja" due to its prominent location along major roadways leading to the country's capital.



OLUMO ROCK

Olumo Rock is indeed a notable historical and cultural landmark located in the city of Abeokuta, which is the capital of Ogun State in southwestern Nigeria. The rock has significant historical and cultural importance to the Egba people and the Yoruba community at large.

Olumo Rock served as a natural fortress for the Egbas during the 19th century inter-tribal warfare. It was used as a place of refuge and protection during conflicts and played a crucial role in the defense of the Egba people. The name "Olumo" is derived from the Yoruba words "Olu" meaning "God" and "Ilu" meaning "City," symbolizing its significance in protecting the people of Abeokuta.

Today, Olumo Rock has become a popular tourist attraction and a symbol of pride for the people of Abeokuta and Ogun State. It has various caves and tunnels within it, and visitors can explore its

historical and cultural significance while enjoying panoramic views of the surrounding area from the top of the rock. The rock is also adorned with sculptures, artworks, and shrines that represent the rich Yoruba culture and history.

Visiting Olumo Rock is a unique experience that allows you to not only appreciate the geological formations but also learn about the resilience and history of the Egba people and the Yoruba heritage in Nigeria.

Happy Birthday



ENGR. GBENGA KOMOLAFE FNSE

THE MANAGEMENT AND STAFF
OF THE COMMISSION WISH OUR INCREDIBLE
AND WONDERFUL CCE A HAPPY BIRTHDAY

Best wishes for another successful year



GAZESPORTS

- Dare Olaniyan -

MEET THE NIGERIA NEW SPORTS MINISTER

Nigeria's political landscape has witnessed a significant reshuffling since the election of President Asiwaju Bola Ahmed Tinubu as he appoints new ministers to drive his vision for a new Nigeria. It is on this premise that Senator John Owan Enoh, a distinguished figure in the Nigerian Senate, was recently appointed as the Minister for Sports.

This pivotal appointment is more than just a change in portfolio; it's an embodiment of Senator Enoh's journey, his contributions to the nation, and his undying commitment to Nigerian growth and development.

He became the 36th person to supervise Nigerian sports since Chief Joseph Modupe Johnson (JM) in 1960.

John Owan Enoh's early life laid the foundation for his leadership adventure. Born in the serene town of Agbokim Waterfalls in Cross River State, Enoh's early exposure to the intricacies of community leadership, education, and discipline shaped his perspective on service.

His academic pursuits led him to the University of Calabar, where he earned his bachelor's degree in Sociology, (2nd Class Upper Division), and was the best graduating student of his set. He later bagged his Master's in the same field.

Enoh returned to the University of Calabar and served as a lecturer between 1991 and 1997. He went on to bag an M.Sc (Demography), a PGDM, and an MBA degree. Subsequently, he went on to build capacity in the legislation by taking some courses at home and abroad.

These include a course in Public Financial Management, at Harvard Kennedy School, Harvard University (Executive Education); Telecoms Regulatory Master Class at Bath UK; Law Making for the Communication Sectors at BMIT, Johannesburg, South Africa; and Influence and Negotiation, Stanford Graduate School of Business; amongst others. Also, Sen. Enoh is a fellow, at the Centre for Peace and Conflict Studies, CEPACS, University of Ibadan.

Beginning as a member of the Cross River State House



of Assembly, Enoh quickly made a name for himself through his articulate representation, community involvement, and progressive policies. His foray into national politics began with his election to the House of Representatives, where he represented the Etung/Obubra constituency.

But perhaps the pinnacle of his political journey was his tenure in the Nigerian Senate. The new sports minister was a senator representing the Central Senatorial District of Cross River State in the 8th assembly that ran from 2015 to 2019..

His commitment to his role earned him the respect of his peers and the love of his constituents. He was also listed as one of Nigeria's 50 Most Outstanding Legislative Icons (1999 – 2010) in a definitive book published by Parlia Consult, a Consortium of Legislative Historians.

Beyond politics, Senator Enoh has always been passionate about agriculture. This passion birthed a series of farms (arable and livestock), reflecting not just a business venture but a commitment to Nigeria's socio-economic development.

Enoh's farm spreads across various parts of Cross River State. About 150 hectares of planted palms in his native Agbokim Waterfalls; and expanding to about 100 hectares of planted palms, and counting, at Etara-Ekuri. All communities in Etung LGA of Cross River State, where the politician hails.

His farms are more than just a source of income; they have become employment hubs, providing jobs for hundreds of Nigerians. Enoh is said to operate an out-grower scheme in communities where his farms are located.

As Senator John Owan Enoh assumes his role as the Minister for Sports, the expectations are high. Given the rich tapestry of his journey, from academic pursuits to political achievements and his ventures into agriculture, the sports community anticipates a tenure marked by growth, inclusivity, and global recognition. ■

GAZETAINMENT

- Adewale Osoneye -

GEN Z BADDIE ILEBAYE WINS BBN ALL STARS

Big Brother Naija Level-up housemate, Ilebaye Odinya has emerged winner of the All Stars edition.

Her feat earned her the N120 million cash prize, an SUV from Innoson, weekend getaway for two by Travel Beta, a Tecno phone and Nexus appliances.

In addition to 1 year supply of Pepsi, Dano milk, Munch It, Waw, Hawaii

soap, Titus, Lush hair, and Sardine products.

The self-acclaimed Gen Z baddie saw off competition from the first female winner of the show, Mercy Eke and four finalists to claim the grand prize.

Her feat makes her the third female winner of the reality show after Mercy Eke and Level-up winner, Josephina 'Phyna' Otabor.

She earned 30.08% of total vote cast followed by Mercy Eke's 23.48%. Cynthia 'Ceec' Nwadiora placed second runner-up, while Adekunle Olopade maintained his third runner-up place from the level-up season.

Pere Egbi and Cross Okonkwo were named the fourth and fifth runners-up, respectively





EXCELS IN NEAR-PERFECT DELIVERIES

UTM Offshore Limited, is a special purpose company set up as a wholly Nigerian owned company, established essentially for the Direct Sales and Direct Purchase (DSDP) of the Nigerian Crude Oil – crude for products exchange (swap); provision of Premium Marine Logistics Support Services, to provide service boats and allied equipment like, Platform Supply Vessels, Security Vessels, Anchor Handling Tug, Crew/Supply Boats, Dive Support Vessels, Drill-Ship, Jack-Up Barges, Floating Production, Storage and Offloading unit, to support the off-shore and on-shore drilling campaigns of the Oil Exploration and Production Companies operating in Nigeria and, the rest of Africa.

PROJECTS:

- ATLAS COVE - Marine Logistics- Pipeline Support
- PRODUCTS PIPELINE MAINTAINANCE FROM PH-ABA-ENUGU- Marine Logistics- Pipeline Support
- SECURITY PATROL SERVICES TO PPMC - Marine Logistics- Pipeline Support
- SECURITY PATROL SERVICE TO AGIP - Marine Logistics- Pipeline Support
- SECURITY PATROL & BACKUP SERVICE TO TOTAL NIGERIA LIMITED (JV) - Marine Logistics - Pipeline Support



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