



Petroleum Club Policy Committee – Monthly Industry Recap for May 2024

No.	News Item	Summary
1.	<u>Nigerian Crude Falls To \$86.5 Per Barrel Amid Weak Demand Globally</u> (Reported by Nairametrics, 8 May 2024).	Nigerian crude prices decreased slightly but maintained their premium status as data showed rising crude and fuel inventories in major economies, indicating weak demand and supply expectations before the Organisation of Petroleum Exporting Countries (OPEC) meeting on Saturday, 1 June 2024. Brass River and Qua Iboe fell by 59 basis points to \$86.53 a barrel, while Brent Crude was at \$82.5 a barrel. Nigerian crude prices were affected by cautious expectations of production cuts from OPEC. Ship trackers also observed a decline in Nigerian oil exports, partly due to increased supplies to the Dangote Refinery. According to OPEC, Nigeria's daily oil production decreased from 1.3 million barrels per day (Bpd) in February to 1.2 million Bpd in March 2024.
2.	<u>Seplat to raise gas production to 850 MMscf, dedicate 100% for domestic use</u> (Reported by TheCable, 8 May 2024).	Seplat Energy (Seplat) plans to boost its gas production capacity by an additional 390 million standard cubic feet (MMSCF) per day by the end of the year to enhance domestic output. With a current production of 460 MMSCF per day, Seplat aims to attain 850 MMSCF by the end of 2024 with the addition of the Assa North Ohaji South (ANOH) and Sapele plants. Samson Ezugworie – the Chief Operating Officer (COO) of Seplat, stated that the entire increased capacity would be dedicated to the domestic market, significantly improving gas-to-power supply in Nigeria. The COO also noted that gas pricing and debt remain significant issues that deter international oil companies (IOC) from investing in Nigeria, and Seplat is currently implementing interruptible gas supply contracts and structured payment systems to manage and reduce debt.
3.	<u>NNPCL, NOSL commence oil production at OML 13, target 40,000bpd</u> (Reported by Vanguard News, 12 May 2024)	Nigerian National Petroleum Company Limited (NNPCL) announced on Sunday, 12 May 2024, that its upstream subsidiary – Nigerian National Petroleum Company Exploration and Production Limited (NNPC E&P Ltd), in collaboration with Natural Oilfield Services Limited (NOSL) – a subsidiary of Sterling Oil Exploration and Energy Production Company Limited (SEEPCO), has begun oil production at Oil Mining Lease (OML) 13 in Akwa Ibom State. According to Chief Corporate Communications Officer – Olufemi Soneye, production started on 6 May 2024, with 6,000 Bpd of oil, and the same is expected to increase to 40,000 Bpd by 27 May 2024. Olufemi Soneye also emphasized the commitment of NNPC E&P Ltd and NOSL to driving growth in Nigeria's oil and gas sector and fostering economic empowerment for local communities.



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4.	<u>CBN names 11 pre-shipment agents for crude oil, gas exports in Nigeria</u> (Reported by Nairametrics, 14 May 2024)	The Central Bank of Nigeria (CBN) has approved the appointment of 11 pre-shipment monitoring and evaluation agents for oil and gas exports, effective immediately. The approval of the appointment was announced by Dr. Hassan Mahmud – Director of CBN's Trade and Exchange Department, via a circular – TED/FEM/PUB/FPC/OO1/014, dated 13 May 2024. The appointments include nine pre-shipment inspection agents and two monitoring and evaluation agents. The CBN's directive has been communicated to all authorized dealers, including the Nigerian Customs Service (NCS), Nigerian Upstream Petroleum Regulatory Commission (NUPRC), NNPC, Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), all terminal operators, and all oil and gas companies in Nigeria.
5.	<u>Nigeria tops Africa's oil production with 1.28m bpd in April</u> (Reported by Punch, 15 May 2024)	OPEC reported that Nigeria's average daily crude oil production rose to 1.28 million Bpd in April 2024 according to latest monthly oil market report of the same, released on Tuesday, 14 May 2024. This statistic represents a 4.07% increase from the 1.23 million Bpd recorded in March 2024, marking the first month-on-month production growth of the year 2024. Following this increase, Nigeria has regained its status as Africa's largest oil producer, surpassing Algeria's output of 907,000 Bpd. Notwithstanding the increase in production, Nigeria's total production remains below the 1.78 million Bpd target needed to fund the 2024 budget.
6.	<u>Dangote to export refined products to other African countries, eyes Brazilian market</u> (Reported by Nairametrics, 18 May 2024)	Aliko Dangote – the President of Dangote Refinery, announced that the refinery, upon attaining full operational capacity, will supply refined products such as petrol, diesel, and aviation fuel to the Nigerian, Brazilian, and African markets respectively. During his address at the Africa Chief Executive Officer Forum in Kigali, Rwanda, Dangote highlighted that the refinery, with a capacity of 650,000 Bpd, is designed to meet domestic demand and facilitate exports because the substantial capacity of the same exceeds Nigeria's requirements, thus, enabling the same to supply markets in West, Central, and Southern Africa respectively.
7.	<u>Nigeria oil pipelines, built nearly 70 years ago, have exceeded their lifespans</u> (Reported by Today, 21 May 2024)	The Minister of State for Petroleum Resources – Heineken Lokpobiri, highlighted the aging infrastructure in Nigeria's oil sector, noting that most pipelines were installed as far back as 70 (seventy) years ago. During a meeting with the United Arab Emirates (UAE) Ambassador to



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		<p>Nigeria – Mr. Salem AL Shamsi, Heineken Lokpobiri aimed to strengthen the relationship between Nigeria and the UAE by focusing on increasing collaborations in the energy sector, citing the country's comfortable business environment and significant crude oil deposits. He also emphasized the need for investment in the oil and gas sector to promote infrastructural development.</p>
8.	<p><u>NNPCL seals deal with Schlumberger to boost Nigeria's upstream operations</u> (Reported by Nairametrics, 24 May 2024)</p>	<p>NNPCL has signed a significant technical partnership agreement (TPA) with Schlumberger Nigeria Limited (SLB) – an American oilfield company, to enhance upstream operations in Nigeria's oil and gas sector. The TPA, finalized at NNPCL's corporate headquarters in Abuja, aims to boost investment in the country's upstream sector. While the financial details were not disclosed, the deal is expected to improve operational activities and expand drilling campaigns, benefiting both parties. NNPCL's Group Chief Executive Officer – Mr. Mele Kyari, emphasized the importance of the partnership, highlighting the reforms and investment opportunities in Nigeria's energy sector. SLB's Chief Executive Officer – Mr. Olivier Le Peuch, expressed confidence that the partnership with NNPCL would expedite Nigeria's exploration and production objectives, contributing to the country's economic growth and prosperity.</p>
9.	<p><u>FG expects \$20bn oil inflows in coming months, after TotalEnergies snub</u> (Reported by BusinessDay, 24 May 2024)</p>	<p>The Nigerian government anticipates at least \$20 billion in oil and gas sector investments in Nigeria following efforts to create an attractive investment climate. Heineken Lokpobiri highlighted the return of investors to Nigeria's oil and gas sector due to stable policies. He mentioned an upcoming \$10 billion deep offshore investment and emphasized Nigeria's status as Africa's top oil producer.</p>
<p>Comments from the Petroleum Club Policy Committee.</p>	<p>From the selected news items, we noted key developments across three main topics: oil production and pricing dynamics; infrastructure and investment; and domestic gas production efforts. The following are our key takeaways:</p> <ul style="list-style-type: none"> • The Nigerian oil market continues to face challenges amidst global supply and demand dynamics. Despite a slight decrease in prices, Nigerian crude maintains its premium status. 	



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		<ul style="list-style-type: none">• NNPC's oil production at OML 13 and the appointment of monitoring agents for oil exports demonstrate Nigeria's efforts to increase production and ensure regulatory compliance. However, on a wider national scale, the production level remains below the target needed to fund the 2024 budget, indicating the need for further growth. Regarding growth, Dangote Refinery's plans to supply refined products to domestic and international markets showcase an ambition to become a major player in the oil industry.• Seplat's plan to boost its gas production from 460 MMSCF per day to 850 MMSCF per day by the end of 2024, focusing on the domestic market aims to improve Nigeria's gas-to-power supply. However, it will be interesting to see if the interruptible gas supply contracts and structured payment systems can act as effective mitigants to address the debt-related challenges.