



Petroleum Club Policy Committee – Monthly Industry Recap for June 2024

| No. | News Item | Summary |
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| 1. | Low oil production threatens 2024 budgeted revenue – Nigerian government (Reported by PremiumTimes, 06 June 2024). | The Federal Government of Nigeria (FGN) has reported that achieving the 2024 budgeted revenue, which is 77.4% higher than 2023, is at risk due to oil production falling 27.0% below budget. Current production is 1.4 million barrels per day (Bpd), lower than the 1.78 million Bpd budget assumption and OPEC quota of 1.5 million Bpd, leading to revenue shortfalls. The FGN attributes this underperformance to years of underinvestment, inefficiency, and opacity in the oil sector. |
| 2. | Nigeria may spend 50% more on fuel subsidies in 2024, draft document shows (Reported by Reuters, 06 June 2024) | Nigeria is projected to spend N5.4 trillion in 2024, a 50% increase from 2023, to maintain fixed petrol prices. The FGN plans to borrow N6.6 trillion to cover budget gaps. The removal of costly petrol subsidies by President Bola Tinubu has led to tripled petrol prices, increased transport costs, and inflation, prompting backlash and pressure from unions. |
| 3. | NNPCL signs FLNG deal with Golar LNG (Reported by Reuters, 11 June 2024) | The Nigerian National Petroleum Company Limited (NNPCL) has signed a Project Development Agreement (PDA) with Golar LNG to deploy a floating liquefied Natural Gas vessel (FLNG) off the coast of the Niger Delta. This initiative aims to monetize Nigeria's gas reserves and enhance domestic supply and exports. |
| 4. | NNPCL Removes Legal Hurdle On Seplat-ExxonMobil \$1.3Bn Acquisition Deal (Reported by Oriental News, 14 June 2024) | The NNPCL has withdrawn its lawsuit challenging ExxonMobil's \$1.3 billion asset sale to Seplat Energy (Seplat). During the settlement of the matter in court, all the parties involved agreed that NNPCL could resume its lawsuit where the settlement terms are not fulfilled by the parties. The asset sale to Seplat, finalized in February 2022, is pending additional approvals from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the President of Nigeria – Bola Ahmed Tinubu. This asset sale will significantly expand the natural gas fields of Seplat, enhancing its position as a major supplier of domestic gas to Nigerian power plants. |



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| 5. | NNPCL, TotalEnergies JV announce US\$550m FID on Ubeta Field Development Project (Reported by NNPCL, 20 June 2024) | <p>NNPC-TotalEnergies JV, a joint venture between NNPCL and TotalEnergies, has made a \$550 million FID on the Ubeta field development project. The NNPCL noted that the milestone is in line with President Bola Ahmed Tinubu’s Presidential Executive Order on Oil and Gas Reforms aimed largely at improving the investment climate and positioning Nigeria as the preferred investment destination for the oil and gas sector in Africa. Located in Oil Mining Lease (OML) 58, the Ubeta field will be developed with a new 6 (six)-well cluster connected to the existing Obite facilities through an 11-kilometre buried pipeline. Production start-up is expected in 2027, with a plateau of 300 million cubic feet per day (about 70,000 Bpd including condensates). Gas from Ubeta field will be supplied to Nigerian Liquefied Natural Gas (NLNG).</p> |
| 6. | Nigeria adds more oil blocks to 2024 licensing round (Reported by Argus Media, 21 June 2024) | <p>The NUPRC has expanded its 2024 licensing round by adding 17 deepwater oil blocks and removing 5 oil blocks resulting in a total of 24 blocks on offer. This expansion follows new data acquired between 7 May 2024 and 11 June 2024, leading to the round's offer being expanded. The 5 blocks which were removed due to ongoing litigation include Petroleum Prospective License (PPL) 3008, PPL 3009, PPL 267, PPL 268 and Petroleum Mining Lease 51. With the licensing round set to conclude in January 2025, NUPRC has also extended submission deadlines for pre-qualification documents from 25 June 2024 to 5 July 2024 and data access evaluation from 4 July 2024 to 8 July 2024.</p> |
| 7. | Aiteo resumes production of oil after spill at 50,000 bpd oilfield in Bayelsa (Reported by Nairametrics, 24 June 2024). | <p>Aiteo has resumed production at its Nembe field in Bayelsa state, producing nearly 50,000 Bpd, following the containment of an oil leak.</p> |



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| 8. | Black Market Thrives In Northeast As About 2,000 Petrol Stations Shut Down (Reported by Oriental News, 25 June 2024) | <p>Around 2,000 petrol outlets in northeast Nigeria were shut down in a protest against an anti-smuggling operation by the Nigeria Customs Service (NCS). The operation, known as "Operation Whirlwind", targeted Independent Petroleum Marketers Association of Nigeria (IPMAN) members, impounding tanker trucks and closing fuel stations on suspicion of smuggling petrol to Cameroon. This led to a surge in black market fuel prices, with petrol selling for ₦1,400 per litre compared to ₦750 Naira at official pumps. IPMAN Chairman Dahiru Buba stated the strike was due to a lack of response from NCS after initial protests, with over 1,800 outlets ceasing operations.</p> |
| 9. | NNPCL records 400 incidents of oil theft in one week (Reported by Nairametrics, 27 June 2024) | <p>The NNPC reported 400 incidents of crude oil theft in the Niger Delta from 15 June 2024 to 21 June 2024, including illegal refineries, connections, vandalism, oil spills, and storage. The western regions of Rivers and Bayelsa states respectively, experienced the most incidents, followed by the deep blue waters off the Niger Delta coast with 8 suspects arrested. This reflects ongoing issues in Nigeria's oil industry, with production consistently below OPEC quotas and declining investment due to theft and insecurity.</p> |
| 10. | Fire guts section of Dangote Refinery in Lagos (Reported by Nairametrics, 27 June 2024) | <p>A fire broke out in the effluent plant of the Dangote Refinery in Lagos, causing alarm and large plumes of smoke. Witnesses reported loud noises and thick black smoke rising from the refinery. However, the Dangote Group confirmed that the fire was swiftly contained and described it as a minor incident with no injuries reported. Further investigations are ongoing to determine the cause and impact on the refinery's operations.</p> |
| Comments from the Petroleum Club Policy Committee. | | From the selected news items, the following are our key takeaways: |



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| | | <ul style="list-style-type: none">• The oil and gas industry has seen notable initiatives that may present valuable opportunities such as the agreement with Golar LNG to deploy a FLNG vessel and the Ubeta field development project can offer lucrative investment opportunities in infrastructure and advanced technologies for gas production and monetization.• Still, on investment opportunities, the NUPRC's expansion of the 2024 licensing round, adding 17 deepwater oil blocks, offers significant opportunities for investment and growth in Nigeria's oil sector.• Operational challenges such as crude oil theft and infrastructure vulnerabilities continue to plague Nigeria's oil industry. Incidents of oil theft in the Niger Delta and recent disruptions like the fire at the Dangote Refinery underscore the vulnerabilities. These issues, coupled with the backlash from the removal of petrol subsidies, have heightened social and economic pressures. While the FGN's reforms and new projects offer potential growth opportunities, the persistent operational and social challenges require careful consideration and strategic planning from industry stakeholders. |