

BLOOMFIELD LP WEEKLY ENERGY TITBITS (BWET)

Bloomfield LP's Energy Practice brings you highlights of interesting energy developments in Nigeria
June 17, 2024.

The Federal Government of Nigeria Records a Loss of One Billion Four Hundred Million United States Dollars (US\$1,400,000.00) from Unremitted Gas Royalties and Flare Penalties.

On Thursday, June 13, 2024, the Nigeria Extractive Industries Transparency Initiative ("NEITI") disclosed that the total amount of gas royalty payments that remains unremitted to the Federal Government of Nigeria ("FGN") is Five hundred and Fifty-Nine Million Eight Hundred Thousand United States Dollars (US\$559,800,000.00), while outstanding gas flare penalties is about Eight Hundred and Twenty-Eight Million, Eight Hundred Thousand United States Dollars (US\$828,800,000.00). This implies that the cumulative outstanding revenue from both avenues is about One Billion Four Hundred Million United States Dollars (US\$1,400,000,000.00).

This was disclosed by the Executive Secretary of NEITI, Mr Ogbonnaya Orji, at a roundtable event organised by BudgIT Foundation, on tracking energy transition costs and transparency in budgeting. Mr Orji explained that these figures indicated that more gas was flared during the period than utilised, thereby posing serious dangers to the global zero emissions agenda.

Read more at:

<https://businessday.ng/energy/article/nigeria-loses-1-4bn-to-unremitted-gas-royalties-flare-penalties-neiti>

The Nigerian National Petroleum Company Limited Signs Project Development Agreement with Golar LNG for the Deployment of a Floating Liquefied Natural Gas Plant.

On Monday, June 10, 2024, the Nigerian National Petroleum Company Limited ("NNPCL") executed a Project Development Agreement ("PDA") with Golar LNG for the deployment of a Floating Liquefied Natural Gas ("FLNG") vessel, offshore in Niger Delta. This was disclosed in a statement signed by the Chief Corporate Communications Officer of NNPCL, Mr Olufemi Soneye.

According to Mr Soneye, the PDA aims to monetise vast proven gas reserves from shallow water resources in Nigeria's offshore area. Mr Soneye further stated that the PDA aims to utilise approximately four hundred million standard cubic feet per day (400MMscf/d) to five hundred million standard cubic feet per day (500MMscf/d) of natural gas to produce Liquefied Natural Gas, Liquefied Petroleum Gas and Condensate.

Read more at:

<https://nnpcgroup.com/insights/nnpc-ltd-progresses-floating-lng-project-with-golar-lng-signs-pda-on-400-500mmscf-gas-deal-eyes-fid-before-dec-2024-ending>

Nigeria's Crude Oil Production in May Falls to One Million Two Hundred and Fifty Thousand Barrels Per Day (1,250,000bpd).

Nigeria's average crude oil production in May 2024 declined to one million two hundred and fifty thousand barrels per day (1,250,000bpd) of crude oil. This represents a decline of thirty thousand barrels per day (30,000bpd) from the one million two hundred and eighty thousand barrels per day (1,280,000bpd) of crude oil recorded in April 2024. This was contained in the monthly oil market report by Organisation of Petroleum Exporting Countries ("OPEC") for June 2024.

Read more at:

<https://nairametrics.com/2024/06/13/nigerias-crude-oil-production-in-may-falls-to-1-25-million-bpd-opec>



Nigerian National Petroleum Company Limited Withdraws Lawsuit Against ExxonMobil Over Asset Divestment to Seplat Energy Plc.

On June 11, 2024, the Nigerian National Petroleum Company Limited (“NNPCL”) filed a motion in the High Court of the Federal Capital Territory, Abuja to discontinue its legal action against several subsidiaries of Mobil Nigeria and the Nigerian Upstream Petroleum Regulatory Commission. The motion requested the court to grant leave for discontinuance and to strike out the suit, with the provision to relist it if the envisaged settlement process fails.

According to the motion, the application is a step towards finalising the settlement agreement involving the divestment of Exxon-Mobil’s interest in Mobil Producing Nigeria Unlimited to Seplat Energy (“Seplat”) Additionally, the motion disclosed that one of the conditions required for the settlement agreement requires NNPCL to withdraw the suit to facilitate the settlement.

Read more at:

<https://nairametrics.com/2024/06/13/nnpc-applies-to-withdraw-suit-challenging-exxonmobils-1-28-billion-asset-divestment-to-seplat>

The Nigeria Governors Forum Propose Complete Phasing Out of Electricity Subsidy Across Nigeria.

The Nigeria’s Governors Forum (“NGF”) have recommended phasing out electricity subsidy to enhance liquidity in the power sector. This was contained in a document titled “Development of the National Integrated Electricity Policy & Strategic Implementation Plan: Policy Recommendations by State Governments to the Federal Ministry of Power”.

According to the document, electricity subsidies and other financial interventions in the power sector over the past fifteen (15) years have proven ineffective. Additionally, the NGF noted that these subsidies contribute to the inefficiency of power distribution companies, resulting in inadequate service provision. The NGF further recommended the implementation of a new model of electricity tariff that is cost-reflective to encourage growth in the power sector.

Read more at:

<https://nairametrics.com/2024/06/10/state-governors-propose-complete-phasing-out-of-electricity-subsidy-across-nigeria>