

BLOOMFIELD LP WEEKLY ENERGY TITBITS (BWET)

Bloomfield LP's Energy Practice brings you highlights of interesting energy developments in Nigeria
October 08, 2024.

The Federal Government Signs Equity Participation Agreements with Six (6) Gas Companies

On September 30, 2024, the Federal Government of Nigeria ("FG"), in concurrence with section 54 of the Petroleum Industry Act 2021 ("PIA") executed Joint Operating Agreements, Equity Contribution Agreements and Joint Venture Account Agreements (the "Agreement") with selected six (6) indigenous gas companies (the "Companies"), through the Midstream Downstream Gas Infrastructure Fund ("MDGIF"). The Agreement is the first of its kind since the enactment of the PIA.

Under the Agreement, the FG through the MDGIF will be disbursing a total sum of One Hundred and Twenty-Two Billion Naira (N122,000,000,000.00) (the "Funds") to certain companies. The Funds will be applied to finance critical downstream gas projects and infrastructure towards enhancing energy security and boosting timely and transformational adoption of Compressed Natural Gas ("CNG") in the country.

Read more at:

<https://businessday.ng/news/article/fg-releases-n122bn-to-transform-midstream-gas-value-chain>

Import of Premium Motor Spirit in Nigeria Decreases by Three Billion, Five Hundred and Eighty Million (3,580,000,000) Litres

The National Bureau of Statistics, in its latest petroleum products distribution report (the "Report"), revealed that the importation of Premium Motor Spirit ("PMS" or "Petrol") in the country had reduced significantly by Three Billion, Five Hundred and Eighty Million (3,580,000,000) litres in the second half ("H2") of the year 2023 as compared to the first half ("H1") of the same year. This was attributed to the announcement of subsidy removal on PMS made by the Federal Government of Nigeria ("FG") on May 29, 2023.

According to the Report, about Eleven Billion, Nine Hundred and Forty Million (11,940,000,000) litres of PMS were imported into Nigeria in H1 of 2023. Conversely, only Eight Billion, Three Hundred and Sixty Million (8,360,000,000) litres of PMS were imported in the H2 of the same year. This represents a Twenty-Nine Per Cent (29.99%) decline.

Read more at:

<https://punchng.com/petrol-imports-dropped-by-3-58bn-litres-after-subsidy-removal-fg>

The Federal Government Removes Value Added Taxes on Key Energy Products to Incentivise Deep Off-shore Oil & Gas Production

In a statement released on October 2, 2024, by the Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun (the "Minister"), the Federal Government of Nigeria ("FG") announced the issuance of two (2) fiscal incentives in accordance with the Oil & Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order 2024. The fiscal incentives are the Value Added Tax ("VAT") Modification Order 2024 (the "Order") and the Notice of Tax Incentives for Deep Offshore Oil & Gas Production (the "Notice").

The Order formalises and states the suspension of VAT on Automotive Gas Oil ("AGO" or "Diesel"). It also provides VAT exemptions on various energy products, including biogas, equipment and infrastructure related to the expansion of Compressed Natural Gas ("CNG") including conversion kits, and electric vehicles, amongst others.

Read more at:

<https://guardian.ng/news/fg-removes-vat-on-diesel-cooking-gas-eva-to-bolster-energy-security>



Crude Oil Production in Nigeria Declines by Forty Thousand Barrels Per Day (40,000bpd) as its Organisation for Petroleum Exporting Countries (“OPEC”) Output Drops in September

Based on a survey of the Organisation for Petroleum Exporting Countries (“OPEC”)’s September output, Nigeria was unable to meet OPEC’s quota for September. This is because her crude oil production declined by forty thousand barrels per day (40,000 bpd) in for the month. Reports have indicated that Nigeria’s crude production has been fluctuating between one million, two hundred thousand barrels per day (1,200,000 bpd) and one million, three hundred thousand barrels per day (1,300,000 bpd) since the beginning of 2024, falling short of both OPEC’s quotas and local demands.

Given the recent offshore oil and gas incentive announced by the Federal Government, Nigeria is envisaged to increase its oil production to about four million barrels per day (4,000,000 bpd) and its gas production by ten billion cubic feet (10bcf) by 2030. With this development, it is hoped that Nigeria’s crude production will significantly increase to meet both local demand and OPEC’s quota for crude oil.

Read more at:

<https://www.thisdaylive.com/index.php/2024/10/04/nigeria-targets-4-million-bpd-oil-production-10bcf-gas-output-by-2030>

African Petroleum Producers Organization (“APPO”) Secures Forty-Five Percent (45%) Startup Capital to establish a Five Billion United States Dollars (US\$5,000,000,000) Energy Bank in Nigeria

Several African oil-producing countries, under the aegis of the African Petroleum Producers Organization (“APPO”), have expressed their intention to launch a Five Billion United States Dollars (US\$5,000,000,000) worth African Energy Bank in Abuja, Nigeria (the “Bank”) by 2025. The primary financier of the Bank, the African Export-Import (“Afrexim”) Bank executed a Memorandum of Understanding with APPO in June 2024 to establish the Bank.

The Secretary General of APPO, Mr. Omar Farouk Ibrahim, at the Angola Oil & Gas conference in Luanda, Angola, disclosed that APPO had already secured forty-five percent (45%) of the Bank’s required startup capital, with Nigeria, Angola and Ghana as initial backers.

The Bank is an initiative by African oil-producing nations to safeguard their economic interests in the face of shifting global priorities. The funding from the Bank will be applied to fill the funding gap created by international financiers who have begun to recline from investments in crude oil and other fossil fuels, opting instead to focus on low-carbon energy projects to meet climate change goals.

Read more at:

<https://businessday.ng/energy/article/african-oil-nations-secure-45-of-funds-for-africa-energy-bank>