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Only One out of 77 New Oil Blocks are Producing - DPR

The Department of Petroleum Resources, DPR, on Thursday, 29 August 2013 , disclosed that out of the more than 77 oil blocks awarded between 2005 and 2007, only one is producing, a situation that has called for urgent intervention by the Federal Government.

Speaking at a forum on the 2005 to 2007 licensing round in Lagos, Mr. George Osahon, DPR, also declared that the rest of the non-producing oil blocks are presently at less than 30 per cent development.

Only one block is currently producing, while less than 30 per cent of blocks are actively worked; several Production Sharing Contracts, PSC, are yet to be signed; bank guarantees yet to be put in place; work obligations are not respected and downstream obligations not performed," he said.

He lamented the fact that majority of the operators are using the delay in the passage of the Petroleum Industry Bill, PIB, as an excuse not to develop their fields, stating that this is improper and a ploy to blame the government for their lack of seriousness

According to him, in the last three to four years, nothing is happening in Nigeria's upstream sector, while in the marginal fields sector; only eight oil blocks are currently producing out of the 24 awarded to 31 successful companies.

Giving a breakdown of the oil blocks awarded since 2005, Osahon revealed that in 2005, the Federal Government awarded 44 oil blocks across the country; 16 were awarded in 2006, and 17 in 2007.

Jonathan: Effects of Power Sector Privatization to be Felt Soon

On Monday, 26 August 2013, President Goodluck Jonathan declared that with the successful conclusion of the sale of the country's power generation and distribution companies, Nigerians will soon begin to enjoy the positive benefits of the privatization of the sector. Speaking while receiving in audience a delegation of the Anioma Peoples' Congress led by the Asagba of Asaba, Prof. Chike Edozien, President Jonathan confirmed that all successful bidders for the power generation and distribution companies had completed the payments required to complete the sales process which, he said, was conducted in conformity with globally accepted standards and best practices.

"We are fully conscious of the centrality and importance of adequate power supply for our developmental efforts. We have challenges in the sector but we are constantly working to overcome them", he said.

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PIB; FG, Oil Majors Disagreements Deepen

Above: Nigeria's Petroleum Minister, Diezani Alison Madueke

Hopes for a harmonized stance on the contentious Petroleum Industry Bill, PIB, between the Federal Government and the oil majors under the auspices of the Oil Producers Trade Section, OPTS, dim further. Both parties maintained their positions at the just concluded conference organized by the National Association of Energy Correspondents.

The PIB Lead Team and Group Executive Director, Exploration and Production, Nigerian National Petroleum Corporation, NNPC, Mr. Abiye Membere, who was represented by Mr. Victor Briggs, maintained that the PIB if passed into law will be beneficial to all stakeholders.

However, the Chairman of OPTS and Managing Director, Mobil Producing Nigeria Unlimited, Mr. Mr. Mark Ward, said that if the PIB is passed as it is currently, oil and gas production will decline from 63 percent to about 25 percent.

He said that this will translate to about $185 billion loss in revenues for all stakeholders, as new projects will be stalled. He argued that the PIB will create one of the world's harshest production sharing contract, PSC regime, as Nigerian governments take (royalties, taxes and NOC profit oil) at 96 percent, is the highest in the world.

Forte Oil Eyes Offshore Markets

Forte Oil Plc has disclosed plans to expand its operation beyond the shores of Nigeria to other West African countries. The company also said that it has set strategic plans that will guarantee its ride to the number one position as energy solution provider in sub-Saharan Africa in the next two years. Speaking at the facts behind the figure presentation on the Nigerian Stock Exchange, NSE, the Managing Director, Forte Oil, Mr. Akin Akinfemiwa, explained that already, the company has presence in Ghana through APOG, its fully-owned marketing subsidiary, and it hoped to expand to countries like Liberia, Togo, Sierra Leone, Chad and Niger Republic. Akinfemiwa explained that the transformation agenda was hinged on three pillars, which include building a long term yet successful company, enhancing shareholders' value through robust returns and boosting investors' confidence.

Conoil - 255% Half Year Profit

Conoil Station

By declaring a 255 per cent increase in profits in the first half of the year, Conoil Plc has further raised investors' appetite in its stocks. The oil marketing giant recorded 255 per cent increase in profit after tax from N450.9 million in 2012 to N1.6 billion in 2013, while profit before tax rose by 199 per cent from N663.1 million to N1.98 billion, with a promise to sustain and improve on this performance at year end.

Its Earnings per Share (EPS), which measures the net income for every shareholder, increased from 65kobo to 230 kobo.

The result clearly demonstrated Conoil's resilience to respond to the volatility in the downstream sector.

In a statement released by the company to buttress its determination to remain investors' delight, the company said: "Our half year strong performance prepares us well for the increasingly fierce competition in the industry. We will continue to transform our business and the way we interact with our dynamic marketplace."

West Power Raises $500m for Eko Electricity Company

In a bid to address the growing concern that some of the core investors in the on-going privatisation in the power sector would not be able to access funds to expand the assets after acquisition, West Power & Gas Limited (WPG) said it had raised close to $500 million in equity and debt financing to fund significant rehabilitation and transformation work required to improve distribution network infrastructure and operations of Eko Electricity Distribution Company.

WPG recently completed payment for the acquisition of a 60 per cent stake in the electricity distribution company, two days ahead of the deadline issued by the Bureau of Public Enterprises (BPE).

The Chairman of WPG, Mr. Charles Momoh, said in a recent statement that $250 million had been allocated to rehabilitation while the company had allocated a further $48 million towards a power purchase agreement with the Nigerian Bulk Electricity Trading (NBET) Plc.

The company recently completed the acquisition of the Eko Distribution Company and has also unveiled plans to explore other opportunities for investment in the power sector as a whole

Bulk Traders Renegotiates Power Purchase Agreement with Shell, Others

The Nigerian Bulk Electricity Trading Company Plc (NBET) has disclosed that it is currently renegotiating existing Power Purchase Agreements (PPAs) that exists between defunct Power Holding Company of Nigeria (PHCN) and independent power generation companies owned by international oil companies (IOCs) in the country.

Managing Director of NBET, Rumundaka Wonodi, stated recently at a forum organised by the Market Operations (MO) department of the Transmission Company of Nigeria (TCN) to commence the formal registration of market participants in the Nigeria Electricity Supply Industry (NESI) that the company has initiated the renegotiation to take over the PPAs from the PHCN.

Wonodi explained the bulk trader would assume all obligations and rights inherent in the existing PPAs, adding the PPAs would be novated to it but without past debts and liabilities incurred in the PPAs by PHCN distribution companies.

Chevron, Shell Pull Out From OKLNG wont affect Nigeria's Gas Agenda - NNPC

Nigerian National Petroleum Corporation, NNPC, has allayed fears that the recent decision of Shell and Chevron Nigeria Limited to withdraw from the Olokola Liquefied Natural Gas Project, OKLNG, may derail the President Goodluck Jonathan's Gas Revolution Agenda launched in March 2011.

The corporation's Acting Group General Manager, Group Public Affairs Division, Tumini Green, said in a press statement, that the Gas Revolution Agenda was not only intact but has since taken off with significant progress in gas supply for power generation and industrial usage.

Green said,"The Gas Revolution Agenda which is an integral part of the gas master plan cannot be derailed just like that. NNPC can confirm that the exit of Shell and Chevron will not impact on Mr President's Gas Revolution Agenda. In fact, very good progress is being made with domestic gas supply which has reached the highest level of 1500mmcf/d from about 500mmcf/d about three years ago."

Shell Investigates Recent Oil Spill in Niger Delta

The Shell Petroleum Development Company (SPDC) of Nigeria said it is containing an oil spill in the Niger Delta, after the military reported liquid "jetting" out of one its pipelines.

Massive oil theft, sabotage of infrastructure and leaks from ageing pipelines are all cutting into the profits of the big oil companies operating in Nigeria as well as damaging public finances, according to a Reuters report.

The military joint taskforce said on Friday it had discovered a leak on a pipeline near Adamakiri in Rivers state while looking for illegal oil refiners. "An assessment of the spot revealed that a brownish liquid substance was observed jetting out from an opening on the pipeline," a statement said. The commanding officer had attributed the leakage to "corrosion on the pipeline."

Reuters quoted unnamed Shell spokesman for Shell's Nigeria unit to have said that "oil spill containment" had been put in place but it was too early to determine the cause of the leak.

The company said most spills were due to gangs tapping pipelines to steal oil but local communities say the company is responsible for more spills than it acknowledges.

Shell is facing legal action in a UK court on behalf of 11,000 members of the Niger Delta Bodo community, who say the company is responsible for spilling 500,000 barrels in 2008. Shell has admitted liability for two spills in the Bodo region but estimates the volume is far lower.

Operational problems in Nigeria cost Shell $250 million in the second quarter of this year, the firm says. Nigeria's government revenues slumped 42 per cent in July due to production outages, it said on Friday.