

# Nigerian Oil and Gas News



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## PIB, Key to Accessing Capital Investments - Petroleum Minister



Minister of Petroleum Resources,  
Diezani Alison-Madueke

The Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, has said that the passage of the long-awaited Petroleum Industry Bill (PIB) will enable Nigeria to access capital investments in the oil and gas sector. Addressing participants at an interactive session on the PIB, the Minister who was represented by Mr. Jonathan Okehs, Group General Manager, National Petroleum Investment Management Services (NAPIMS) also said that if the reforms

in the sector are carried out effectively, Nigeria will be a hub in the African region for petroleum activities. According to the Minister, the PIB will create a deregulated and competitive petroleum sector that will attract foreign and local investments. It will also ensure a viable commercial framework including a tariff regime that promotes transparency, guarantees security of investments and a reasonable rate of return on investments, she added. Also speaking, the Vice President of the Nigerian Labour Congress (NLC) Mr Issa Aremu argued that the PIB must address critical issues in the sector. According to him, the PIB must make provisions that recognise and uphold the interests and welfare of organised labour and work-

ers represented by Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) and the Nigeria Union of Petroleum and Natural Gas Workers (NUPENG). Aremu further said that the PIB must ensure the strengthening of the Nigerian Content Act and policies, especially as it relates to labour, training and manpower development. "It must ensure the mandatory recognition of the right to freedom of association and effective collective bargaining by all companies operating or doing business in the Nigerian oil and gas industry irrespective of where they are located," he added.

## Shell Moves to Secure Ogoni Line

Shell Petroleum Development Company (SPDC) has introduced what it termed community surveillance to protect its Trans Niger Pipelines (TNP) running across some communities in Rivers state.

General Manager, Sustainable Development and Community Relations, SPDC, Mr Ledo Osayende, who

made this known during an engagement with the media in Port Harcourt, said SPDC recently signed a General Memorandum of Understanding with about thirty communities in three local government areas in Ogoni, to secure the Trans Niger Pipeline that runs through the communities. He expressed the hope that

the development will address the incessant attacks on its facilities, adding that it would also give ownership of pipelines in the areas to communities.

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## Honeywell Plans Mobile Refinery in Nigeria



Dr. Rajeev Gautam  
President and CEO  
of UOP

Honeywell International Incorporated has announced plans to build mobile refineries that can be deployed to volatile places in Nigeria and in regions across the world.

Dr. Rajeev Gautam serves as president and chief executive officer of Honeywell's UOP, a strategic business unit of Honeywell Performance Materials and Technologies, disclosed this, also noting that the daily production capacity of the mobile refineries will be about 10 percent of a big refinery that would have to be built on location.

Bloomberg reported that assembling the equipment off-site may help energy companies solve the critical challenge of keeping large construction crews out of harm's way while erecting infrastructure to tap oil

fields in dangerous locales. Gautam noted that, "There are certain geographies in Nigeria that are witnessing security challenges and the mobile refineries are going to make sense.

"But despite the security challenges in the country, Nigeria is a potential sales destination in the world." He however said the mobile refineries will be built in Iraq. "The first of these small portable units will be built in a factory sent by sea to Iraq, trucked inland and plunked down on a prepared foundation."

He maintained that, the assembling of the mobile refinery equipment off-site may help energy companies to solve the critical challenge they face protecting their workers from harm while erecting infrastructure in dangerous oil fields.

"The modular building of oil and gas equipment will help reduce cost overruns and construction time and it is also a way for Honeywell to boost sales of its energy technology."

He added that UOP, already has experience building modular equipment for natural gas processing and is expanding that technology to crude oil refineries.

## FG Inaugurates Four Power Transmission Substations

The Federal Government has inaugurated four power-transmission substations to boost electricity supply across the country.

The Minister of State for Power, Mohammed Wakil, said one of the substations was inaugurated in Adiabo, Cross River State, while the other three had been done earlier in Kano.

He said that other substations were waiting to be inaugurated in Adamawa, Kebbi and Lagos, among others

According to him, the substation in Adiabo was very significant because it would feed transmission projects such as the one at the Export

Processing Zone as well as improve power supply to Calabar and environs. The project was initially awarded to Alstom/Areva in October 2001 at an initial cost of nine million pounds off shore and N307 million onshore for a contract duration of 18 months. The second phase of the project mainly on the onshore aspect was re-awarded to MBH Power Limited in August 2006 at a revised onshore cost of N401 million with a completion period of eight months. On completion, pre-commissioning test commenced in 2013.

Wakil stated that the substation was one of many power projects being completed by President Goodluck Jonathan in its determination to expand the entire power sector so that citizens would eventually enjoy constant power supply for the socio-economic development and growth of the nation.

### Russian Businessmen Urged to Invest in Petroleum Value Chain

Nigeria has opened invitation to the Russian business community to take advantage of its enormous human and natural resources, and invest in its petroleum value chain – upstream, downstream, and gas.

The Nigerian National Petroleum Corporation (NNPC) issued the invitation on behalf of the Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, at an investment dinner organised by the Nigerian National Committee (NNC) to the just-concluded 21st World Petroleum Congress, WPC in Moscow, Russia.

Represented by the Group Executive Director, Commercial and Investments, NNPC, Dr. Attahiru Yusuf, the minister urged the Russians to key into Federal Government's special focus on gas monetisation, and join other countries to invest in any of the gas sub-sectors.

She said that government is already building a commercial industrial pact to house major gas based industries including gas conversion and utilisation plants, fertilizer plants, methanol and petrochemical.

According to her, "Many countries and their companies have expressed interest in different areas of the gas

sector, like Saudi Arabia, which has indicated interest in petrochemical; while companies from India want to build fertiliser plants. So we invite all potential investors to consider participating in these initiatives to invest in the industrial pact."

Apart from enumerating the numerous potentials along the petroleum value chain, the minister reiterated that "the long term plan for Nigeria is to become a gas hub for the West African region.

"To achieve this, there is an ongoing government initiative to develop the gas resources of the country, which will also lead to growth in our crude oil reserves.

"Furthermore, to create an enabling environment government is pursuing a reform agenda to enhance industry efficiency and entrench good governance and reinforce the linkage between oil and gas, and other sectors of the economy."

The minister noted that gas development is part of the industry reforms, following the launch of the gas revolution and the Gas Master Plan.

Besides, the sub-sectors already mentioned, she said there is also a significant opportunity in the liquefied

petroleum gas, LPG or cooking gas sector, to boost domestic usage.

"The development of LPG in Nigeria has opened up significant opportunities in the areas of building LPG plants and other facilities, manufacturing of cylinders, and the development of ports and jetties for loading LPG," she said.

She added, "These initiatives are very big ones and will naturally lead to other significant opportunities in engineering designs, fabrication and construction, pipe-laying and other support activities including equipment leasing and financial services.

"Accordingly, investment opportunities in Nigeria's oil and gas sector are huge for all to come and play a part, and I hereby, invite all to pay good attention, explore the opportunities, analyse them and take investment decisions."

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*Petroleum Development Consultants (PDC) is an independent consulting company specialising in oil and gas development activities. It was founded by David Aron in 1988 and has been building a solid reputation in oil and gas development work. Since then PDC has carried out numerous oil and gas projects in more than 50 countries.*

*PDC is unusual amongst oil and gas consulting companies in working in both the upstream and downstream part of the oil and gas industry. PDC carries out fully integrated sub-surface studies using leading edge software such as Petrel and ECLIPSE. However in addition it has detailed practical experience of international regulatory practice in the oil and gas industry.*

*PDC staff and associates include reservoir and petroleum engineers, geophysicists, geologists, petrophysicists, chemical engineers and petroleum economists.*

## Swiftoil Close to Buying Chorus Energy

A downstream player in Nigeria's oil and gas industry, Swift Oil Limited, has made inroads into the upstream sector through the acquisition of Chorus Energy Limited, a marginal field player.

According to Africa Oil + Gas Report, the company is close to buying Chorus Energy for about \$10.5Million. The company beat Seplat, the country's largest indigenous E&P firm, which was still negotiating the value of the company at between \$7 and \$8Million. In 2003, Chorus won three marginal fields - Matsogo/Amoji/Igbolo fields, located in Oil Prospecting Lease (OPL) 283/C in Delta state. The fields are loosely estimated as having 160Billion cubic feet of gas (P1+P2), but

none of the gas reservoirs has been tested and the fields have only two dimensional (2D) seismic cover. Seplat wanted it for its gas programme. Swiftoil now holds 60% interest in these fields, with Seven Energy holding 40%.

The Swiftoil-Chorus transaction comes weeks after Lekoil announced a 40% participating and economic interest in the Otakikpo Marginal Field in Oil Mining Lease (OML) 11, onshore eastern Niger Delta. Lekoil, founded by Nigerians, registered in the Cayman Islands and listed on the Alternative Investment Market (AIM) of the London Stock Exchange, has conditionally raised gross proceeds of

approximately \$37.7Million to fund the equity portion, anticipated to be approximately 20% of the \$67Million initial work programme ("IWP") on the field. Lekoil's purchase of equity in Otakikpo is a result of a stiff, drawn out competition involving such bidders as First E&P Nigeria and Vertex. Otakikpo was awarded in 2011 to a company named Green Energy, which was then linked to the Israeli wheeling dealing firm Beny Steinmetz Group (BSG).