

ENERGY AND NATURAL RESOURCES REPORT

VOLUME 3

The background of the report cover is a photograph of an industrial refinery. Several tall distillation columns and a complex network of pipes are visible against a bright, hazy sky. In the foreground, a worker wearing a hard hat and a high-visibility safety vest is walking away from the camera. The entire image is overlaid with a large, semi-circular graphic element in shades of yellow and green, which frames the text on the left and bottom right.

2025



CHAPTER 1

MID-YEAR REPORT ON THE NIGERIAN OIL AND GAS INDUSTRY



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In our [2024 Mid-Year](#) and [End-of-Year Report](#), we highlighted key infrastructural development, emerging investments, and regulatory reforms in accelerating Nigeria’s energy transition, particularly following the Federal Government’s declaration of the Decade of Gas initiative. We tracked the progress of strategic projects, policy interventions, and state-run refinery rehabilitation efforts, while also highlighting projections for Nigeria’s gas sector.

As of this mid-year, Nigeria has achieved its natural gas reserve target of 210 trillion cubic feet and maintains a crude oil reserve base of 37.28 billion barrels.¹ The country has less than five years remaining to actualise the “Decade of Gas” vision, of positioning Nigeria as a gas-powered economy by 2030, and realise its production target of 2.7 million barrels of crude oil per day by 2027.²

With increased infrastructural development, strategic upstream divestments that are strengthening indigenous participation, and a suite of policy reforms and fiscal incentives, Nigeria stands at a critical point in the transformation of its oil and gas industry. The sector is concurrently laying the foundation for a gas-powered economy while optimising value extraction from its existing fossil fuels.

This Report highlights ongoing developments within the broader strategic need of ensuring long-term energy security and alignment with global decarbonisation commitments and provides an overview of key milestones recorded in the first half of 2025, focusing on key infrastructural progress, recent events in the sector and forward-looking projections for 2025 and beyond.

¹<https://punchng.com/crude-oil-reserves-hit-37-28bn-barrels-nuprc/> accessed 13 June 2025

²<https://punchng.com/opeac-to-monitor-oil-production-compliance-as-nigeria-eyes-2-7mbpd/> accessed 13 June 2025



NLNG Train 7³

At the time of our 2024 End-of-the-Year Report, Nigeria LNG Limited (NLNG) had reported that the Train 7 Project had achieved 67% overall completion, with one of its anticipated benefits already materialising, engaging over 9,000 Nigerian workers on the project.

NLNG has now confirmed that the Train 7 Project has advanced to 80% completion, signalling that the commissioning of the facility could occur later this year or by

2026 at the latest. This progress update was provided by Dr. Sophia Horsfall, General Manager, External Affairs and Sustainable Development at NLNG, during the inauguration of 140 trainees enrolled in a three-month Advanced Nigerian Content Human Capital Development (NC-HCD) Programme.

The Programme, focused on supporting the Train 7 Project on Bonny Island, Rivers State, is a collaborative effort between NLNG and the Nigerian Content Development and Monitoring Board (NCDMB).

³<https://www.thisdaylive.com/2025/06/06/5bn-nlng-train-7-project-hits-80-completion-as-ncdmb-firm-ramp-up-hcd-training/> accessed 10 June 2025

The Train 7 Project was launched in December 2019 following the execution of the Final Investment Decision (FID) in Abuja by NLNG's shareholders: the Nigerian National Petroleum Company Limited (NNPCL) holding 49%, Shell Gas B.V. with 25.6%, TotalEnergies Gaz & Electricité Holdings at 15%, and Eni International N.A. N.V.S.àr.l at 10.4%.⁴

The engineering, procurement, and construction (EPC) contract was awarded to SCD Joint Venture, a consortium comprising Saipem of Italy, Chiyoda of Japan, and Daewoo of South Korea. The six-year project is designed to expand NLNG's production capacity by 35%, increasing output from 22 million metric tonnes per annum (mtpa) to 30 mtpa.

Nigeria-Morocco Gas Pipeline Project

In our 2024 End-of-the-Year Report, we discussed Morocco's announcement of plans to launch initial tenders for the Nigeria-Morocco Gas Pipeline Project in 2025, with a focus on

the Moroccan segment of the infrastructure. Since then, material progress has been recorded, particularly regarding engineering and international financing.

Designated the African-Atlantic Gas Pipeline, the project spans an estimated 6,800 kilometres, including approximately 5,100 kilometres offshore, positioning it as the longest subsea gas pipeline globally upon completion. The pipeline is strategically designed to channel natural gas from Nigeria's reserves through 15 West African nations, terminating in Morocco's southern city of Dakhla, with onward connections to European markets.⁵

According to official Moroccan sources, the project has successfully completed both its Feasibility Study and Front-End Engineering Design (FEED). The Moroccan government, through the Minister of Energy Transition Leila Benali, confirmed that all requisite engineering assessments

⁴ <https://www.nlng.com/people/index.html#:~:text=and%20gas%20industry,%C3%A0r>, accessed 2 July 2025

⁵ <https://businessday.ng/world/article/uae-backs-25bn-nigeria-morocco-gas-pipeline-project/>, accessed 10 June 2025

have been finalised, paving the way for the commencement of construction.⁶

The implementation is structured in three distinct phases: The first phase will establish an interconnection between Morocco, Mauritania, and Senegal; while simultaneously linking Ghana to the Ivory Coast, the second phase will extend the line from Ghana to Nigeria, and the third phase will complete the loop by linking Ivory Coast to Senegal. This phased rollout is intended to bolster regional energy integration, enhance intra-African gas trade, and expand electricity access across West Africa.⁷

A special-purpose vehicle (SPV) is currently under formation between the governments of Nigeria and Morocco to oversee project governance and drive the FID, targeted for year-end 2025.⁸

The project continues to generate substantial international interest. Confirmed financiers include the European Investment Bank (EIB), Islamic Development Bank (IsDB), OPEC Fund and most recently, the United Arab Emirates (UAE). The United States has also expressed strategic interest, citing alignment with its global energy security objectives and Nigeria's gas export potential. On the commercial side, China's Jingye Steel Group has secured the contract for pipe supply.⁹

The Ajaokuta-Kaduna-Kano Pipeline (AKK)¹⁰

In a significant milestone for Nigeria's energy sector, it was announced that the AKK Gas Pipeline project has successfully crossed the River Niger, an engineering feat long considered one of the most formidable challenges in the execution of the project.¹¹ This development follows the NNPC April 10, 2025, announcement that the \$2.8 billion AKK Gas Pipeline had

⁶ ibid

⁷ ibid

⁸ <https://www.moroccoworldnews.com/2025/06/207238/abuja-seeks-investors-for-25-billion-morocco-nigeria-gas-pipeline-project/>

⁹ ibid

¹⁰ <https://www.thisdaylive.com/2025/04/11/at-spe-olef-forum-nnpc-says-2-8bn-akk-pipeline-72-ready/> accessed 11 June 2025

reached 72% completion in Q1 2025, signalling steady advancement on one of Nigeria's most critical energy infrastructure undertakings.

This disclosure was made by NNPC's Group Chief Executive Officer, Mr. Bayo Ojulari, during the 2025 edition of the Oloibiri Lecture Series and Energy Forum (OLEF), hosted by the Petroleum Technology Development Fund (PTDF) and organised by the Society of Petroleum Engineers (SPE) Nigeria.

In our 2024 End-of-Year Report, we noted that the Minister of Finance had projected a Q1 2025 completion date for the project. Earlier this year, the Minister of State for Petroleum (Gas) further reinforced the Federal Government's commitment, affirming that the AKK pipeline would be completed in 2025, in line with national energy development priorities.¹²

Spanning 614 kilometres and featuring a 40-inch diameter pipeline, the AKK project extends from Ajaokuta (Kogi State) through Abuja, Kaduna, and terminates in Kano, forming a backbone of the country's Trans-Nigeria Gas Pipeline (TNGP) system. It is engineered to transport natural gas from the southern gas-rich Niger Delta to the northern parts of the Country, bridging longstanding energy access disparities.

The AKK pipeline is integral to Nigeria's broader gas infrastructure strategy and is designed to bolster power generation capacity, drive industrialisation, facilitate the commercialisation of Nigeria's vast natural gas reserves, and support national objectives to reduce gas flaring in line with climate commitments and the provisions of the Petroleum Industry Act (PIA).

¹¹ <https://www.thisdaylive.com/2025/06/26/in-key-breakthrough-2-8-billion-akk-pipeline-crosses-problematic-river-niger/> accessed 2nd July 2025

¹² <https://nairametrics.com/2025/02/26/ekpo-reiterates-fgs-plan-to-complete-akk-gas-pipeline-project-in-2025/> accessed 11 June 2025

Usan Deepwater Oilfield

ExxonMobil reaffirmed its long-term strategic commitment to Nigeria's upstream sector with a planned investment of \$1.5 billion in deepwater exploration and development. This capital injection, scheduled for implementation between Q2 2025 and 2027, is aimed at revitalizing production in the Usan deepwater oil field, located on offshore Block OML 138 in the eastern Niger Delta, approximately 70 km offshore.¹³

The company is targeting an FID in late Q3 2025, subject to final approvals of the Field Development Plan (FDP) and requisite internal and partner funding approvals.

Originally discovered in 2002 and approved for development in 2008, Usan commenced operations in 2012. According to an April 2024 report by Wood Mackenzie, the field has been developed using approximately 34 subsea production and

injection wells, from eight subsea manifolds and tied back to a Floating Production, Storage, and Offloading (FPSO) vessel with a processing capacity of 180,000 barrels per day and storage capacity of 2 million barrels. Usan's production peaked in 2014 at over 100,000 barrels per day.¹⁴

Project stakeholders include TotalEnergies, Chevron, and the China National Offshore Oil Corporation (CNOOC). ExxonMobil has clarified that the Usan-focused investment forms part of a broader portfolio strategy, with additional financial commitments directed toward advancing development activities in the nearby Owowo and Erha deepwater fields.¹⁵

Seplat's Anoh Gas Processing Plant

In our 2024 Mid-Year Report, we highlighted the strategic importance of the ANOH Gas Processing Plant and its

¹³ <https://www.nuprc.gov.ng/exxonmobil-to-commit-1-5-billion-dollars-investment-in-nigerias-deepwater-oil-fields/>

¹⁴ <https://jpt.spe.org/exxonmobil-to-invest-1-5-billion-in-nigerias-usan-deepwater-oil-field#:~:text=ExxonMobil%20plans%20to%20invest%20%241.5,company's%20onshore%20assets%20in%20October.>
accessed 3 June 2025

¹⁵ Ibid

dependency on critical third-party infrastructure, specifically, the Obiafu-Obrikom-Oben (OB3) pipeline river crossing and the 23km spur line connecting OB3 to the plant to commence operations. We noted that the ANOH Plant is projected to displace small-scale diesel generation with cleaner, less expensive fuels such as natural gas for power generation, and could potentially power over five million homes if gas from the plant is fully dedicated to the power sector.

However, nearly a year after the formal commissioning of the ANOH plant by President Bola Ahmed Tinubu in May 2024 and Seplat's aim to achieve first gas in Q3 2024¹⁶, the facility remains non-operational due to the continued delay in completing the OB3 pipeline.

Responsibility for this critical gas infrastructure rests with the Nigerian Gas Infrastructure Company (NGIC), a subsidiary of NNPC.

According to reports, persistent technical challenges, particularly with horizontal directional drilling under major rivers, and recurring security issues such as pipeline vandalism continue to undermine the progress of the OB3 pipeline completion.¹⁷

In a positive development, Seplat Energy recently announced the resumption of tunnelling activities necessary for completing the OB3 river crossing, targeting completion by June 2025, and the ANOH Plant to commence full operations in the second half of 2025.¹⁸

The Obiafu-Obrikom-Oben (OB3) Gas Pipeline

The OB3 Gas Pipeline remains a critical component of Nigeria's gas infrastructure, serving as the key interconnector between the country's eastern gas-producing axis and the national gas transmission network.

¹⁶ <https://www.seplatenergy.com/our-company/our-operations/midstream-gas/ano-h-gas-processing-plant/> accessed 10 June 2025

¹⁷ <https://www.theafricareport.com/378637/nigeria-seplats-ano-h-gas-plant-stalls-as-ob3-pipeline-delays-drag-on/> accessed 10 June 2025

¹⁸ <https://thenationonline.net/ano-h-gas-plant-to-commence-full-operations-in-2025/> 10 June 2025

The OB3 pipeline links the eastern gas pipeline network to both the Escravos-Lagos Pipeline System (ELPS) in the West and the AKK pipeline in the North, thereby enabling the transportation of natural gas from the southern hydrocarbon-rich regions into the national grid.

The OB3 pipeline is essential to the functionality of the AKK system, as gas for the AKK pipeline originates from Ajaokuta, which is directly fed by OB3's terminal point in Oben. Therefore, the progress of the OB3 pipeline directly influences the pace and readiness of the AKK pipeline project.

At the 2025 CERAWEEK Conference in Houston, the Minister of State for Petroleum (Gas) announced that the OB3 pipeline had reached 93% completion. The Minister further affirmed that the pipeline is expected to be fully launched and commissioned within the second quarter of the year.¹⁹

Kaduna Refinery

At the time of our 2024 End-of-Year Report, we noted that the Kaduna Refining and Petrochemical Company Limited (KRPC), with a nameplate capacity of 110,000 bpd, was undergoing major rehabilitation. NNPC had awarded a \$740.6 million contract to Daewoo Engineering & Construction (E&C), a South Korean firm, for the repairs of the facility.

According to the Chief Executive Officer of the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), as of 15 April 2025, the rehabilitation project had achieved 81% overall completion.²⁰

¹⁹ <https://thewhistler.ng/nnpcs-akk-gas-pipeline-project-to-be-delivered-before-december-says-fg/> accessed on June 11 2025

²⁰ <https://nairametrics.com/2025/04/16/kaduna-refinery-hits-81-completion-nmdpra-says/> accessed 11 June 2025



Total Energies Divests from Bonga North Deep-Water Project²¹

In a notable development, on May 29, 2025, TotalEnergies announced that its Nigerian subsidiary, TotalEnergies EP Nigeria (TEPNG), had signed a definitive agreement to divest its non-operated 12.5% interest in the OML 118 Production Sharing Contract (PSC) to Shell Nigeria Exploration and Production Company Ltd. (SNEPCo) for \$510 million.

Upon completion, Shell's interest in OML 118 will rise from 55% to 67.5%, with the remaining interest holders being Esso Exploration and Production Nigeria (20%) and Nigerian

Agip Exploration (12.5%).

This transaction follows Shell's FID in December 2024 to proceed with the Bonga North deep-water project.²² As highlighted in our 2024 Mid-Year Report, Shell had indicated that FID approval was expected within the year. The \$5.46 billion project involves a subsea tie-back to the existing Shell-operated Bonga Floating Production Storage and Offloading (FPSO) facility. Bonga North is estimated to contain over 300 million barrels of oil equivalent, with peak production projected at 110,000 barrels per day (bpd) and first oil anticipated by the end of the decade.

²¹ <https://totalenergies.com/news/press-releases/nigeria-totalenergies-divests-its-non-operated-interest-bonga-field> accessed 3 June 2025

²² <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2024/shell-invests-in-bonga-north-deep-water-project-nigeria.html> accessed 3 June 2025



Shell Completes Divestment of SPDC to Renaissance Consortium

In our 2024 End-of-Year Report, we noted that ministerial consent had been granted on 18 December 2024 for the sale of Shell Petroleum Development Company of Nigeria Limited (SPDC) to Renaissance African Energy Company, following an initial rejection by the Minister of Petroleum Resources. At the time, the transaction was still pending final approval by the NUPRC.

On 13 March 2025, Shell confirmed the successful completion of the divestment, having secured all requisite approvals from the Federal Government of Nigeria. As a result, Renaissance

now assumes control of Shell's 30% participating interest in the SPDC Joint Venture (SPDC JV), an unincorporated JV alongside NNPC (55%), Total Exploration and Production Nigeria Ltd (10%), and Agip Energy and Natural Resources Nigeria Ltd (5%).²³

The announcement follows the execution of a Sale and Purchase Agreement between Shell and Renaissance in January 2024, after obtaining all regulatory approvals required for the transaction. With the conclusion of the transaction, SPDC has been officially renamed Renaissance Africa Energy Company Limited, marking a significant transition in the Nigerian upstream landscape.²⁴

²³ <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2025/shell-completes-sale-of-spdc.html> accessed 10 June 2025

²⁴ <https://punchng.com/renaissance-completes-acquisition-of-shell-onshore-asset/> accessed June 2025

Renaissance is a Nigerian-led consortium comprising four prominent indigenous oil and gas firms: ND Western Limited, Aradel Holdings Plc, First Exploration and Petroleum Development Company, Waltersmith Group, in partnership with international investor Petrolin Group. Collectively, Renaissance is now positioned as the second-largest indigenous oil and gas company in Nigeria.²⁵

NCDMB Acquires 20% Equity in a 100kbpd Refinery Project²⁶

On 9 March 2025, NCDMB announced the execution of a Share Purchase Agreement to acquire a 20% equity stake in a 100,000 barrels-per-day (bpd) refinery project being developed by African Refinery Group Ltd, in partnership with NNPC. This investment positions NCDMB as a key partner in African Refinery Port Harcourt Limited (ARPHL), which will be co-located with NNPC's Port Harcourt Refining Company in Alesa-Elime, Rivers State.

The investment was reportedly carried out in line with NCDMB's Commercial Ventures Investment Policy and made through the Nigerian Content Intervention Company Ltd/Gte, a special purpose vehicle wholly owned by NCDMB. The investment aligns with the Board's functions as provided under Section 70(h) of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act, to assist local contractors and Nigerian companies to develop their capabilities and capacities to further the attainment of the goal of developing Nigerian content in the Nigerian oil and gas industry.

NNPC also holds a 15% equity stake in the project, following the execution of a share subscription agreement in 2024. According to the investment structure, NCDMB plans to divest its interest by the end of the seventh year following the refinery's commercial operations date.

²⁵ <https://www.thisdaylive.com/2025/01/13/renaissance-championing-new-era-for-nigerias-energy-sector/> accessed 10 June 2025

²⁶ <https://ncdmb.gov.ng/ncdmb-acquires-20-equity-in-100kbpd-refinery-project/> accessed 10 June 2025

Notably, the Board's track record of investments in refining includes:



Waltersmith Modular Refinery (5,000 bpd)
Ibigwe, Imo State



Azikel Hydro-Skimming Refinery (12,000 bpd)
Gbarain, Yenagoa, Bayelsa State



Duport Midstream Refinery (2,500 bpd)
Egbokor, Edo State

The Waltersmith Modular Refinery, in which NCDMB holds a 30% stake, was the first executed under the commercial ventures programme in 2018. Now fully operational, the facility supplies refined petroleum products to its surrounding market and has generated hundreds of direct and indirect job opportunities. It is regarded as the Board's proof of concept for its investment framework.

In 2024, the holding company, Waltersmith Refinery and Petrochemical Company Limited, reported a profit-after-tax of N23.6 billion in April 2024 and declared a dividend of N4.5 billion, subject to final approval.

NCDMB received an interim dividend of N450 million out of its N1.5 billion declared for the year ended 2023, underscoring the commercial viability of the Board's investment approach.

²⁵ <https://www.thisdaylive.com/2025/01/13/renaissance-championing-new-era-for-nigerias-energy-sector/> accessed 10 June 2025

²⁶ <https://ncdmb.gov.ng/ncdmb-acquires-20-equity-in-100kbpd-refinery-project/> accessed 10 June 2025

NNPC Ltd. and Partners Commence Development of Five (5) Mini-LNG Plants in Ajaokuta, Kogi State²⁷

On 30 January 2025, NNPC Ltd., in collaboration with its strategic partners, held the groundbreaking ceremony for the development of five mini-Liquefied Natural Gas (LNG) plants in Ajaokuta, Kogi State. The five (5) Mini-LNG Projects:²⁸

NNPC Prime LNG

A Small-Scale LNG (SSLNG) project spanning 33 hectares in Ajaokuta, implemented through a Special Purpose Vehicle (SPV) owned by NNPC Trading Limited and Silver Peaks Limited (10%).

NGML/Gasnexus LNG

A phased 20MMSCFD Mini-LNG plant, starting with a 7.5MMSCFD facility. It will liquefy natural gas from the Oben-Ajaokuta pipeline and distribute it via cryogenic trucks to industrial users.

BUA LNG

A 700TPD (35MMSCFD) Mini-LNG plant developed in partnership between NGML and BUA Industries Limited. This plant will supply liquefied gas to BUA's Sokoto Cement Plant for enhanced industrial efficiency.

Highland LNG

A cutting-edge SSLNG facility designed to supply gas to off-grid industrial and commercial customers, boosting Nigeria's Presidential CNG Initiative (PCNGi).

LNG Arete Ltd

A fully Nigerian-owned company committed to providing secure and affordable LNG as a sustainable alternative energy source.

²⁷ <https://nnpcgroup.com/insights/nnpc-ltd-partners-launch-97mmscf-d-capacity-five-mini-lng-plants-in-ajaokuta-as-fg-restates-commitment-to-use-gas-for-economic-growth-development> accessed 11 June 2025

²⁸ <https://www.thecable.ng/tinubu-to-flag-off-construction-of-five-lng-projects-in-kogi-thursday/> accessed 11 June 2025

NNPCL holds equity stakes in three of the five mini-LNG plants currently under development in Ajaokuta, as follows: 90% in Prime LNG, 50% in NGML/Gasnexus LNG, and 10% in BUA LNG. The remaining two projects, Highland LNG and LNG Arete Ltd, are being developed independently by private companies. Collectively, the five mini-LNG plants are expected to deliver a combined capacity of 97 million standard cubic feet of gas per day (mmscf/d).

The Federal Government Approves Construction of Four (4) Modular Refineries²⁹

Since the start of 2025, the Federal Government, through the NMDPRA, has approved licences for the construction of four additional modular refineries. This brings the total number of licensed modular and regular refineries in Nigeria to 14.

Collectively, these new facilities are projected to contribute an estimated 150,000 bpd to the nation's domestic refining

capacity.

The newly licensed refineries include:



Eghudu Refinery Ltd (Edo State) –
100,000 bpd



MB Refinery and Petrochemicals Company
Ltd (Delta State) – 30,000 bpd



HIS Refining and Petrochemical Company
Ltd (Abia State) – 10,000 bpd



MRO Energy Ltd (Delta State) –
10,000 bpd

²⁹ <https://punchng.com/fg-okays-three-refineries-for-140000bpd-production/> accessed 11 June 2025

Nigeria Launches Flare Gas-Powered Digital Infrastructure³⁰

In keeping with its commitment to energy transition and digital innovation, Nigeria inaugurated its first flare gas-powered digital infrastructure project. The initiative was formally activated following the execution of a Gas Connection Agreement (GCA) between Dawcon Energy, an awardee under the Nigerian Gas Flare Commercialization Programme (NGFCP), and Green Flare Holdings, Nigeria's first flare gas-to-Bitcoin mining company, in collaboration with the Oil Mining Lease (OML) 30 Joint Venture.

The agreement enables the commercial utilisation of flare gas, a longstanding environmental and economic liability, through Green Flare's modular "gas-to-data" infrastructure. The project will convert wasted natural gas into reliable, off-grid electricity to power data centers deployed directly at flare sites. The initial focus is on powering Bitcoin mining operations, with planned expansion into AI computing and

high-performance data processing, effectively positioning Nigeria at the forefront of climate-aligned digital infrastructure development in Africa.

Structured under the regulatory oversight of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and developed pursuant to the NGFCP, the project reflects a coordinated effort involving OML 30 Joint Venture stakeholders, including NNPC Exploration & Production Limited, Shoreline Natural Resources Limited, and Heritage Energy Operational Services Limited (HEOSL).

The initial phase comprises three launch sites in Delta State, collectively expected to deliver 53 megawatts (MW) of off-grid power. In addition to industrial applications, the project incorporates a rural electrification component, aimed at extending energy access to underserved host communities, thereby aligning with local content and host community

³⁰ <https://www.vanguardngr.com/2025/05/landmark-agreement-launches-nigerias-first-flare-gas-powered-digital-infrastructure-project/> accessed 11 June 2025



development objectives.

This initiative directly advances the Federal Government's National Gas Expansion Programme and supports Nigeria's commitment to ending routine gas flaring.

Nigeria's First Crude Export from the Otakikpo Onshore Terminal³¹

In a landmark development for Nigeria's upstream sector, indigenous firm Green Energy International Ltd (GEIL), operator of the Otakikpo Field, in collaboration with Lekoil Nigeria Limited, under the Otakikpo Joint Venture,³² successfully concluded the first crude oil export from the

newly commissioned Otakikpo Terminal in Rivers State on 8 June 2025. The Otakikpo Terminal is the first privately constructed and operated onshore crude oil export facility in Nigeria in over fifty years.

The terminal has an initial storage capacity of 750,000 barrels, with scalability provisions to expand up to 3 million barrels. It is equipped with a pumping capacity of 360,000 barrels per day for export tanker loading and is engineered to handle crude injection volumes of up to 250,000 barrels per day. Current production from the Otakikpo Field stands at approximately 10,000 barrels per day.

³¹ <https://punchng.com/firm-completes-first-crude-export-from-otakikpo-onshore-terminal/> accessed June 2025

³² <https://tribuneonlineng.com/lekoil-completes-first-crude-oil-export-from-otakikpo-onshore-terminal/> accessed 11 June 2025



NNPC Targets Four Final Investment Decisions by Q4 2025³³

Under the leadership of the newly appointed Group Chief Executive Officer, Mr. Bayo Ojulari, NNPC released its Monthly Report Summary for April 2025, outlining key investment priorities for the remainder of the year.

Notably, NNPC announced its intention to conclude Final Investment Decisions (FIDs) on four major projects by the fourth quarter of 2025. These include the Ntokon Development Project (OML 102), the Crude Oil Production Expansion Project (OML 29), Gas Development Projects (OMLs 30 and 42), and the Brass Fertilizer and Petrochemical Project.

³³ <https://businessday.ng/news/article/nnpcc-expects-four-fid-in-six-months/> accessed 12 June 2025



Warri Refinery Shutdown Operations³⁴

In our 2024 End-of-Year Report, we noted the recommencement of operations at the Warri Refining and Petrochemicals Company Limited (WRPC), operated by the NNPC. The refinery, with an installed capacity of 125,000 bpd, resumed operations in December 2024 and was

expected to process 75,000 bpd³⁵ in the first half of the year. However, the facility came to a grinding halt on 25 January 2025, following the emergence of critical mechanical faults in the Crude Distillation Unit Main Heater, which raised significant safety concerns and necessitated an immediate operational shutdown.

³⁴ <https://punchng.com/nnpc-under-fire-as-897m-warri-refinery-revamp-flops/> accessed 11 June 2025

³⁵ https://www.nuprc.gov.ng/wp-content/uploads/2025/01/PRESS-RELEASE_1H-2025-REFINERY-REQUIREMENT-AND-PRODUCTION-FORECAST.pdf accessed 11 June 2025

At the time of the shutdown, the refinery had reportedly kicked off with 60% operational capacity, producing automotive gas oil (diesel), straight-run kerosene and heavy and light Naphtha. However, it failed to commence the production of Premium Motor Spirit (PMS) as anticipated.

According to an April 2025 report from the NMDPRA, the facility consumed \$897.6 million in maintenance and rehabilitation costs, yet ceased operations barely a month after the then NNPC Group Chief Executive Officer, Mele Kyari, publicly declared the refinery operational.

Located in the Ekpan, Uvwie, and Ubeji areas of Warri, Delta State, the petrochemical plant has an annual production capacity of 13,000 metric tonnes of polypropylene and 18,000 metric tonnes of carbon black.

Port Harcourt Refinery Shutdown Operations

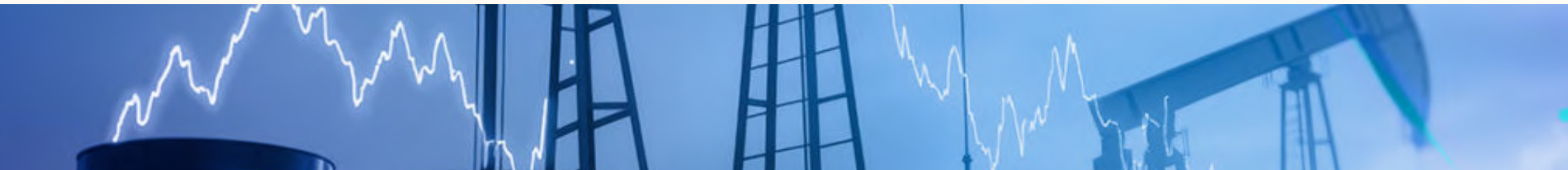
On 24 May 2025, NNPC formally announced the shutdown of the Port Harcourt Refinery to undertake maintenance activities.³⁶ This development comes less than seven months after the refinery was recommissioned in November 2024 following an extensive \$1.5 billion rehabilitation programme, financed through a loan facility from international financial institutions.³⁷

At recommissioning, the refinery was declared to be operating at 70% of its installed capacity, with official plans to scale up to 90% capacity utilisation within the ensuing months. However, industry reports and subsequent production data suggest a significantly underwhelming operational performance, with the refinery functioning at less than 40% capacity prior to its shutdown.³⁸

³⁶ <https://punchng.com/pharcourt-refinery-didnt-produce-fuel-before-shutdown-marketers/> accessed 11 June 2025

³⁷ <https://punchng.com/nnpcl-under-fire-as-897m-warri-refinery-revamp-flops/> accessed 11 June 2025

³⁸ Ibid



Specifically, data made available by the NMDPRA indicates that the refinery, with a nameplate capacity of 60,000 bpd, had averaged 37.87% operational efficiency between November 2024 and April 2025. Over this six-month period, the facility recorded an average monthly production of 82.55 million litres of refined petroleum products, 135.45 million litres short of its projected optimal monthly output of 218 million litres.³⁹

Upon the announcement of the shutdown, the Independent Petroleum Marketers Association of Nigeria (IPMAN) disclosed that the Port Harcourt Refinery had not produced PMS for approximately three months preceding the official shutdown.⁴⁰

Crude Production Declines Amidst 2025 Output Targets⁴¹

The NUPRC had set a production target of at least 2.1 million barrels of oil per day (mbopd) by 2025.⁴² However, official NUPRC data indicates a decline in crude oil production from 1.48 mbopd in April 2025 to 1.45 mbopd in May 2025, following a modest rise from 1.40 mbopd in March that had signalled tentative progress toward the national target.

The Commission further reported that combined crude oil and condensate output in May ranged between 1.61 mbopd and 1.81 mbopd, with an average daily production of approximately 1.657 million barrels, comprising 1,452,941 bopd of crude oil and 204,493 bopd of condensate.

³⁹ Ibid

⁴⁰ <https://punchng.com/pharcourt-refinery-didnt-produce-fuel-before-shutdown-marketers/> accessed 11 June 2025

⁴¹ <https://punchng.com/oil-production-shrinks-again-threatens-2mbpd-target/> accessed 2 July 2025

⁴² <https://www.nuprc.gov.ng/nuprc-targets-2-1-million-barrels-of-oil-per-day-for-2025/> accessed 2 July 2025



The Nigeria Upstream Petroleum Operations (Cost Efficiency Incentives) Executive Order, 2025⁴³

In a strategic move to encourage upstream investment, the Special Adviser to the President on Energy on 29 May 2025, formally unveiled the Nigeria Upstream Petroleum Operations (Cost Efficiency Incentives) Executive Order, 2025 (the “Order”), signed into effect by President Bola Ahmed Tinubu, with an effective date of 30 April 2025. This Executive Order represents the latest in a series of targeted policy measures

designed to reposition Nigeria as a competitive hub for oil and gas investment, while reinforcing fiscal resilience.

The Order introduces performance-based tax incentives for upstream petroleum operators who deliver verifiable cost efficiencies against defined industry benchmarks. It is designed to lower project execution costs, encourage increased investment, and improve revenue generation across the sector.

⁴³ <https://www.thisdaylive.com/2025/05/31/amid-new-8bn-investments-tinubu-announces-fresh-incentives-for-oil-sector/> accessed 3 June 2025

Key highlights include:

1

Annual Industry Benchmarks: The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) will, on an annual basis, publish requisite Unit Operating Cost (UOC) in accordance with asset type — onshore, shallow-water, and deep-water. These will serve as the performance thresholds for incentive eligibility.

2

Revenue Sharing on Cost Savings: Operators who achieve cost savings above benchmark levels will be eligible to receive up to 50% of the incremental government gain arising from such efficiencies. This creates direct alignment between government revenue optimisation and investor returns.

3

Tax Credit Cap: The Order caps available tax credits claimable at 20% of a company's annual tax liability, preserving Nigeria's revenue base and fiscal competitiveness.

4

Institutional Coordination: Inter-agency oversight will be led by the Special Adviser to the President on Energy, Ms. Olu Verheijen, ensuring harmonised implementation.

5

Duration: The incentives claimable under the Order shall cease to have effect on 31 May 2035, unless extended or modified by the President.

This reform signals a clear shift toward efficiency-led growth in Nigeria's upstream segment. By linking fiscal rewards to measurable performance outcomes, the Executive Order aims to enhance transparency, reduce waste, and improve the sector's investability.

Implementation of the "Drill or Drop" Policy⁴⁴

In a decisive move to enhance efficiency and accountability in Nigeria's upstream sector, the NUPRC reaffirmed its commitment to implement the long-anticipated "drill or drop" policy. This was disclosed by the Chief Executive of the Commission, Gbenga Komolafe, during an engagement with a delegation from the Independent Petroleum Producers Group held at the Commission's headquarters in Abuja.

According to an official statement issued by the NUPRC, the policy mandates that oil and gas licenses must commence

exploration or development activities within a defined period or forfeit their licenses. The measure is designed to address the underutilisation of petroleum assets, drive sectoral growth, and enhance government revenue streams. Mr. Komolafe noted that the enforcement of this policy forms part of the broader regulatory objective to sanitise the upstream space, ensure optimal asset utilisation, and attract credible investment.

It is noteworthy that the Minister of State for Petroleum Resources (Oil), Heineken Lokpobiri, has consistently reiterated the government's resolve to reclaim idle oil assets from non-performing license holders, signalling a firm policy stance against speculative asset hoarding in the industry. The implementation of the "drill or drop" policy is expected to have far-reaching implications for asset management and investment discipline within Nigeria's petroleum upstream landscape.

⁴⁴ <https://punchng.com/fg-to-revoke-dormant-oil-licences-with-new-policy/> accessed 2 July 2025



Nigeria's oil and gas industry stands at a strategic turning point. With an estimated 210.54 trillion cubic feet of proven natural gas reserves and 37.28 billion barrels of crude oil,⁴⁵ the country is well-positioned to leverage its hydrocarbon resources to drive sustained economic growth and energy security. The current administration's proactive policy posture, anchored on fiscal incentives and policy directives, has ushered in an optimistic outlook for the second half of 2025 and beyond if sustained.

Africa's projected 30% increase in energy demand by 2040, as noted by the International Energy Forum (IEF), underscores the urgency for Nigeria to scale upstream investments. It is estimated that the continent will require over \$600 billion annually through 2030 in upstream investment to meet this rising demand sustainably.⁴⁶

The government has laid critical foundational pillars for an investment-rich terrain. The Petroleum Industry Act (PIA),

⁴⁵ <https://punchng.com/crude-oil-reserves-hit-37-28bn-barrels-nuprc/> accessed 13 June 2025

⁴⁶ <https://punchng.com/africa-needs-600bn-annually-for-energy-growth-nuprc/#:~:text=Quoting%20a%202023%20study%20by,and%20the%20drive%20for%20universal> accessed 13 June 2025

2021, introduced clarity, commerciality, regulatory independence and a clear fiscal regime. This has been complemented by the ongoing Decade of Gas Initiative (2021–2030), as Nigeria aims to meet its decarbonisation goal using natural gas as its primary transition fuel.

Recent Presidential Directives, particularly the Presidential Directives No. 40, 41 and 42 (2024) and the most recent Nigerian Upstream Petroleum Operations (Cost Efficiency Incentives) Executive Order (2025), signal a deliberate intent of the Federal Government to enhance investor confidence and improve capital efficiency within the oil and gas sector.

These policies aim to reduce operating and contracting costs, strengthen local content enforcement, and incentivise investors. It can be said that these policy interventions are already delivering measurable outcomes. It is reported that rig activity surged significantly, from 11 rigs pre-PIA to 42 rigs currently in operation,⁴⁷ demonstrating growing

investor traction.

Looking ahead, the second half of 2025 will be defined by transformational milestones, including anticipated FIDs across the sector, and the expected completion of critical infrastructure such as the OB3 and AKK gas pipelines. In parallel, landmark financing such as the \$3 billion Afreximbank-backed facility for local refinery supply chain support will enhance market resilience.

Nigeria's oil and gas sector is poised to enter a decade of significant transformation. This potential will require disciplined regulatory oversight and execution, strategic alignment between public and private stakeholders, and continued investor confidence. If effectively harnessed, Nigeria could cement its place as Africa's energy leader and reposition the country as a resilient, investor-friendly, and globally competitive energy hub.

⁴⁷ <https://leadership.ng/rig-count-rises-to-41-as-nuprc-enforces-drill-or-drop-policy/> accessed 16 June 2025



The current trajectory of Nigeria's oil and gas industry reflects the importance of structural efficiency and progressive regulatory reform. The operationalisation of long-standing projects, such as the AKK pipeline, OB3 pipeline, and ANOH Gas Plant, alongside the recent commissioning of the mini-LNG plants and construction of modular refineries, will signal a significant shift in the commercial and operational dynamics of the sector.

In a global environment marked by geopolitical tensions and volatile oil prices, the timely completion and full operationalisation of these assets remain critical. While the industry is beginning to register measurable gains, particularly

in infrastructure resilience and renewed investor interest, persistent challenges such as pipeline vandalism, refinery underperformance, and project execution delays continue to undermine sectoral progress. These underscore the urgent need for strengthened governance and project delivery discipline.

Transitioning to a gas-powered economy, while optimising the value of existing fossil fuel assets, supported by a stable policy framework and credible infrastructure, will be pivotal to achieving energy security, driving economic growth, and fostering long-term sustainable prosperity.

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