Seven Big Wins
Repositioning Nigeria's Oil & Gas sector

Inside this issue: exclusive interviews with
Muhammadu Buhari
President of Nigeria
Emmanuel Ibe Kachikwu
Dr. Maikanti Kacalla Baru
Simbi Kesiye Wabote
OIL AND GAS FREE ZONES AUTHORITY (OGFZA)

Nigeria’s Premier Agency of Government responsible for promoting, securing & sustaining investments in the nation’s oil & gas free zones

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Every goal needs a plan and every plan needs a roadmap. A roadmap makes sure that gaps in the plan are identified and can be closed as needed in the future. It also serves as a guide for the team during their journey, allowing them to recognise and act on events that require a change of direction. In October 2016, President Buhari’s government unveiled its own roadmap to develop a stable and enabling environment that will maximise investment opportunities in the oil and gas industry and generate increased growth in the Nigerian economy, developed by the Minister of State Petroleum Services, Emmanuel Ibe Kachikwu, as the 7 Big Wins.

“The golden era of high oil prices may not be here now, but oil and gas resources still remain the most immediate and practical keys out of our present economic crisis,” explains President Buhari. “Oil and gas still remains a critical enabler for the successful implementation of our budget, as well as the source of funds for laying a strong foundation for a new and more diversified economy.”

The first Win in the roadmap revolves around policy and regulation referring to the government’s aspiration to develop robust policies and laws to remedy existing challenges in the Industry. The plan is to break the existing Petroleum Industry Act into three bills for easier passage by the National Assembly into laws that focus on the governance of the petroleum industry, the fiscals and the legal.

In tandem with the Act, Simbi Wabote, Executive Secretary of NCDMB indicates that they are “working on a community content development fund to support our local entrepreneurs in line with Buhari’s philosophy.” Since entering office,
Minister Kachikwu has stressed “Our importation of petroleum products will be reduced to 60 percent by 2018 and 0 percent by 2020.” By 2019, Kachikwu sees Nigeria as a net exporter of petroleum products and value-added petrochemicals achieved by an aggressive revamping of existing local refining capacity and expansion of domestic capacity.

The second Win of the roadmap is the creation of a business environment and investment drive that will accelerate income for Nigeria in the upstream, midstream and downstream sectors of the oil industry. Felix Amieye-Ofori, CEO, Energia sees “more Nigerians getting stakes in the exploration and production side of the business, to an extent that we may be able to mark 50 percent of production to come from independents within the next three to four years.” Since Nigeria has not been maximising its yields from all these sectors, the strategy includes a review of existing joint ventures, attracting investment in non-associated gas initiatives and implementing a long-term maintenance programme.

A GAS REVOLUTION

A Gas Revolution is emerging in the Giant of Africa and the government’s third Win identifies its potential of moving from an oil-based economy to a gas-based economy. As the ninth-largest gas reserve holder in the world, the ultimate objective is to develop gas infrastructure, revolutionise gas projects, implement a gas commercial framework and maximise the use of gas to power for economic development. “I don’t think Nigeria can do without oil and gas. If you consider a company like ours, that has projects worth up to US$200 million, these are projects that the oil companies must execute. If they want to maintain their status quo in terms of production, they must optimise to do it,” explained Alcon Managing Director, Gerardo Della Santa. If fully optimised, Nigeria could move its position to the fourth-largest gas producing economy in the world.

As its fourth Win, Buhari’s team intends to enhance the utilisation capacity of local refineries to guarantee the supply and distribution of petroleum products across Nigeria and the African sub-region. Fundamental to the success of this entire roadmap is the establishment of a secure environment. Essential to attracting investment, the fifth Win focuses on the Niger Delta, an area with 159 oil fields, 275 flow stations, 1,481 oil wells and more than 7,000km of crude oil products, gas pipelines and flow lines. The upsurge of militant attacks on oil and gas installations within the region caused a significant reduction in oil and gas production but, as Group Managing Director of the Nigerian National Petroleum Corporation (NNPC) Dr. Maikanti Baru points out “We’ve been able to adjust ourselves accordingly to handle these threats especially since the government security forces have entered the scene, reducing the level of theft to 10 percent.”

In short, the goal is to win peace and progress through diplomacy and a deployment of the dividends of oil wealth to impact the lives of those that suffer the collateral damage of oil exploration and exploitation.

For the sixth Win, Buhari expresses “there is also a dire need to instill a new culture of transparency and efficiency in the industry, streamline operations along best practices by championing and implementing strategic reforms at every layer of the industry.” They acknowledge this direction would help to improve production, exploration, local refining capacity and perhaps most importantly, build sustainable partnerships.

The last Win of the roadmap concentrates on Stakeholder Management and International Co-ordination, which essentially aims to eliminate all production obstacles and ensure the visibility of Nigeria in the global oil production. “As part of the reforms, businesses can now be registered online and this goes on 24 hours a day non-stop, in a very expeditious manner,” says Umana Okon Umana, General Managing Director, OGFZA. “So those bottlenecks have now been removed and the paperwork eliminated.”

The vision behind the 7 Big Wins is commendable, especially the energy and passion behind Kachikwu’s efforts thus far. With the focus on transparency and efficiency, as well as the commitment to the Niger Delta, “I see Nigeria occupying a very unique position within Africa and the world committee as well” affirms Oluseyi Makinde, General Managing Director, Makon. The roadmap will provide huge investment opportunity in infrastructure development, oil and gas facilities, operations and maintenance across the entire value chain. By focusing on harnessing the full potential of Nigeria’s people and its bountiful resources, the 7 Big Wins provides a comprehensive roadmap that leads towards a new dawn not only in Nigeria but also for the whole of Africa.
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When President Muhammadu Buhari came into office in 2015, he promised the Nigerian people three things: end rampant corruption, defeat Boko Haram and revitalise the economy. He and his administration have made excellent progress on all three fronts. Recently, his ‘Made in Nigeria’ campaign has aided in reinvigorating the Nigerian entrepreneurial spirit with homegrown products to reduce the nation’s imports and boost the local economy. Buhari’s anti-corruption war was the major element that drove his campaign and consequent election into office. The change mantra of the All Progressives Congress was hinged on the ‘anti-corruption fight’ and the country is currently witnessing a massive clean-up of corruption with the introduction of various policies through government machinery. Retaining a rare reputation for honesty among Nigeria’s politicians, many feel his military background and his disciplinarian credentials are just what the whole country needs to get to grips with the insurgency in the north and the crises in the Niger Delta.

Recently, Nigerians were treated with disdain and subjected to inhuman treatments in foreign lands as a consequence of strained relationships with global powers. However, things under President Buhari so far are beginning to look up. This is evidenced by EUR50 million (about N11.15 billion) loan agreement with the French government for capacity-building and upgrade of power training facilities and a $237 million agreement with the World Bank to improve power. Chinese solar power companies have also agreed to set up a solar panel manufacturing business in Nigeria. Buhari’s team has made headway with the UN regarding the clean-up of oil pollution in Ogoniland.

As former head of the Nigerian National Petroleum Corporation (NNPC) and Minister of Petroleum, Buhari has a vast amount of experience in the oil and gas sector, making him the ideal person to lead the country towards economic prosperity. He’s challenged the members of the newly inaugurated boards in the Ministry of Petroleum Resources to ensure decency and transparency in the management of the nation’s oil industry. Boards including the NNPC, Nigerian Content Development and Monitoring Board (NCDMB) and Nigerian Nuclear Regulatory Authority (NNRA) were specifically tasked to ensure that they devise practical strategies aimed at tackling current challenges within the oil industry. As oil and gas are the country’s foreign exchange earners, Buhari’s goal is to ensure propriety in management of these most vital national institutions in the most effective way for Nigeria to get value for money from its assets.

By introducing transparency in the country’s oil industry, ongoing reforms will help steer corporations and ultimately the country to better performance and efficiency. Buhari stresses the need to come up with innovative ways of addressing the constraints in funding joint venture projects between the NNPC and international oil companies, as well as other investment issues. Ultimately, Buhari’s optimism and strength gives the nation confidence that its aspirations in the oil industry will be achieved within a reasonable time frame. Penresa was fortunate enough to sit briefly with President Buhari to discuss anti-corruption, the economy and his future vision for the Giant of Africa.

The past 18 months were difficult due to macroeconomic conditions and their subsequent effect on the economy. With that in mind and looking back on that year what achievement are you most proud of?

The past 18 months were truly difficult for Nigeria, with challenges in many areas of our national life. The economy was down, oil prices were low in the international market plus several security challenges. Unrest in the Niger Delta area led to the sabotage of oil and gas installations meaning we could not meet our income projections for the budget. However, as a government, we rolled up our sleeves and tackled the challenges. I believe that government exists to bring succour to the people, and so, we continue to work, despite the intimidating challenges. Currently, things are looking up, and the tide has turned in our favour.

With challenges comes success and I’m proud to say we’ve accomplished much. We were able to secure our country by beating back insurgency, fight corruption by recovering billions of stolen funds while working to reflate the economy. We pumped money into capital projects to the tune of N750 billion – it’s now over one trillion in the first quarter of 2017 – while beginning our ‘Made in Nigeria’ campaign, to reignite the Nigerian spirit.

“I see a Nigeria complete with citizens willing to change for the greater good of society.”

“Penresa was fortunate enough to sit briefly with President Buhari to discuss anti-corruption, the economy and his future vision for the Giant of Africa.”
During your tenure, the NNPC has seen some major restructuring. What were your ambitions when you started these changes, and have your objectives been met?

The world is dynamic and you must respond with more modern and proactive ways of doing things. You can’t expect the NNPC to remain the way it has always been, so we must restructure to meet current realities. The restructuring is yielding fruits and we will continue to do what we should do, for the good of our country.

The Federal Government has also granted exploration rights for the north of the country. Are there any findings there yet, and if so what are your expectations of bringing greater wealth to northern Nigeria?

Prospecting for oil in the Chad basin dates back to the 1970s. It was suspended in year 2000, when not much headway was made but we had to resume when countries like Chad, Niger and Central Africa Republic found oil. It pointed to the fact that there could be oil in the north. In 2009 the government resumed the search lasting until 2014, when it had to stop due to insecurity in the area. Now, with peace largely restored, the search continues with the use of modern technology, adopted by our neighbors. Recently, crude oil deposits were found in the Bida basin, in Niger State, and that is a good indication for our country.

A new year lies ahead, what challenges and opportunities do you forecast for 2017?

My forecast for the rest of 2017? A year in which Nigeria prospers on all fronts. The economy will rebound, getting out of the recession, with a solid foundation built for the future. A year in which we would consolidate on security, because you can’t manage a country you have not efficiently secured, and a year in which we would further reduce corruption drastically. I see a Nigeria complete with citizens willing to change for the greater good of society. I envision this societal change benefiting the private sector as well, leading to a prosperous nation. We are here to make a beneficial impact on the lives of our people and 2017 is a year we would work assiduously to achieve it.

The past year saw the rise of Niger Delta militancy. How is the government working to address those issues in 2017?

Militancy in Niger Delta wreaked havoc on our fiscal projections in 2016. Due to sabotage, we lost around a billion barrels of oil per day. As a government, we could have used our military might to respond but we have always made it clear that we preferred dialogue to create peace. In the end, leaders of the region led the peace and dialogue initiative, visited me at the presidential villa, leading to a fruitful session. Today, the peace option has moved forward. Vice President Osinbajo has been visiting major areas in the Niger Delta to harbor constructive relations. It is of Nigeria’s best interest to foster peace and goodwill everywhere.

As a staunch leader of the anti-corruption campaign, what role do you play as the head of the Petroleum Ministry in promoting transparency in the oil industry?

One of the major pillars of our political campaign was the fight against corruption. This meant ensuring transparency in every sector. So the quest for transparency is not just in the oil industry. Yes, because of the shady acts of the past, the oil sector needs to be cleaned up and we are working on it.

“I believe that government exists to bring succour to the people, and so, we continue to work, despite the intimidating challenges. Currently, things are looking up, and the tide has turned in our favour.”
A man big on ideas and tough on taking action, Dr. Emmanuel Ibe Kachikwu has been at the helm for the past two years delivering some of the most innovative and daring ideas and initiatives to make the sector more transparent, efficient, profitable and useful to the country. From the 2015 launch of the 20 Fixes programme, crafted to transform the Nigerian National Petroleum Corporation (NNPC) to the very in-depth and directorial 7 Big Wins, Kachikwu’s talent for big picture thinking is quite evident. In an effort to introduce transparency into a normally muddled operation, Kachikwu began publishing monthly operational reports at the NNPC and implemented a performance-based work culture at the Ministry, underscoring the crucial emphasis he places on boosting staff morale and building internal capability.

During the fuel crisis which halted economic activities and placed the NNPC in a difficult situation, Kachikwu thought big and more importantly, focused on a more sustainable solution: end fuel scarcity. To accomplish this, Kachikwu and his team, under the vision of President Buhari, came up with an innovative pricing strategy for petroleum products. As a result, petroleum products have been reliably available, fuel lines have vanished at the stations and the black market has largely disappeared. Although the initiative has not quite ended fuel subsidies, the price modulation strategy has achieved clear benefits for the country specifically with fuel consumption saving the country billions of dollars per day.

Claiming he will resign if Nigeria does not end fuel importation by 2019, Kachikwu’s plan is to raise financing from international oil companies to fund the multi-billion-dollar revamp of the nation’s refineries to achieve optimal refining capacity of about 400,000bpd. Another key component of the strategy is to support Greenfield refineries such as the Dangote refinery – scheduled for completion in 2019 – which would contribute a further 600,000bpd to the nation. Commending Dangote while offering complete and total support for the project, Kachikwu affirms that “this refinery is indeed a massive and gigantic project which needs to be supported by government and investors. Government will provide support by incentivising policies that will promote and attract investors to the refinery.” Great obstacles still remain on the road to achieving the 2019 target, however the impudence of the strategy is quite commendable.

With a focus on public private partnerships and the need to draw foreign investments, Kachikwu is focused on overseeing the implementation of an innovative joint venture financing scheme. Unlike previous iterations, the programme takes the pressure off government by putting the private sector in the lead of providing financing for joint oil exploration operations. Under this rubric, the joint ventures are incorporated and can independently source financing from the private sector to carry out their activities. Despite the private sector’s intervention and investment in the oil and gas sector, Kachikwu still affirms the government has an influential role to play in terms of setting the right policies for a robust and investment friendly atmosphere. “We will still have to continue to churn out policies that will help stimulate growth in the sector,” states Kachikwu. “For instance, we have to ensure that the right tariffs are set for those laying gas pipelines and other assets.”

For a sector distinctly known by its resistance to change, Kachikwu’s passionate commitment to bold statements and solutions is making a clear difference and realizing benefits for the country. “Since coming into office, I’ve delivered everything I promised,” claims Minister Kachikwu. “First, I turned the NNPC into a profit-making organization for the first time in history then I negotiated and removed the cash call deficit of over US$6 billion. Now, I am committed to deliver on the refineries and to deliver a future for oil that makes sense for Nigeria.”
Creating the Flow for the Future

INTERVIEW

The Nigerian National Petroleum Corporation (NNPC) is the state oil corporation which has operational interests in refining, petrochemicals, transportation and marketing. With Nigeria’s large natural reserves, the NNPC plays an important role in shaping Nigeria’s economic future. Currently, it is in the process of positioning Nigeria as the African regional hub for gas-based industries for export. Penresa had the great fortune to sit down and discuss NNPC’s thoughts on the market, efficiency and its objectives for the future.

Do you think there should be a bigger market for mergers and acquisitions?
In the oil sector, those that bought assets would like to amalgamate with other similar companies to increase their profitability. With these larger volumes of production, their asset bases will rise allowing them to raise some more funds to utilize them more effectively. So, clearly the opportunity is there. This industry is cyclical and we expect that in the not-too-distant future the price of oil will regroup and if it does then these companies will be better positioned, especially for mergers.

How well has the local content legislation prepared the Nigerian market for a low-price environment?
Based on its structure, local content legislation is created to reignite Nigerian spirit and economy, particularly the oil and gas industry. Several of the big companies have taken the opportunity to partner with local entrepreneurs to develop various facilities. Changing the law is paramount because it’s supposed to be all encompassing and open to progress and we are seeing that slowly. Maybe around the turn of the decade, about 2020, we can look at the progress and look at how we can relax or tighten some of the areas.

How more can stakeholders do to combat crude oil thefts and pipeline vandalism?
We’ve been able to adjust ourselves accordingly to handle these threats especially since the government security forces have entered the scene. As a result, the level of theft has gone down 10%. At one point, the region was losing 80,000 barrels across the various operations but now that has dropped to 10,000 barrels, mostly coming from those very difficult areas, like the swamps.

Untouched gas resources. Have you noticed increases in the sector?
Primarily, we develop the backbone infrastructure in the industry. We have almost completed the OB3, which has a capacity of over 2 BCF of gas, taking it from the east to the west, where the majority of conversion happens.

We also have opened the tenders for what we call AKK. It’s a pipeline from Abuja through Kaduna and Kano. We are doing that on a PPP basis. Construction of this pipeline will take place next year. The AKK will also link up with the trans-Nigerian gas pipeline, which takes gas into Europe via Algeria and then through Gibraltar.

How can this sector become more profitable for Nigeria?
We could be more profitable if we shared our facilities and certain services, which allows us to look at slots where oil is streaming in one location. Sharing will assist in reducing the costs to reduce mobilisation and operations. It’s a win-win for those involved.

Can you maybe give a message of confidence about the country and the oil and gas sector for future investors/partners?
NNPC has the capacity to take us out of recession but private sector funding is definitely required. We are willing to negotiate good deals for interested investors especially since there are a lot of opportunities in the oil sector, despite the low oil price.

We consume about 30 million litres of PMS, 50 million litres of diesel and 2 million litres of kerosene on a daily basis, so the opportunities are massive in a somewhat regulated market. In terms of gas, we have aspirations to have at least 20 gigawatts of electricity by 2020, which isn’t far off from our current rate of 5 gigawatts. Of course, the building of the trans-Nigerian pipeline system gives a huge opportunity for partners as well as replacement of some of the aged pipelines. Just like oil, opportunity is flowing.

“Sharing will assist in reducing the costs to reduce mobilisation and operations. It’s a win-win for those involved.”

DR. MAIKANTI KACALLA BARU, NNPC
The Nigerian Content Development and Monitoring Board (NCDMB) was established in 2010 as a facilitator to the Nigerian oil and gas industry. Created to grow indigenous participation, build local capacity and ultimately links to other sectors, all in the goal of boosting Nigerian GDP, the NCDMB is currently seeing great progress in its work as several local companies thriving in their capacity and human capital development. Penresa had the opportunity to speak with Executive Secretary Simbi Wabote on the NCDMB’s recent successes and its plans for the future.

How would you evaluate the relations between the IOCs and indigenous companies ever since the Nigerian Content Act has been implemented? Prior to its enactment, there was some apprehension regarding the capability and competencies of local companies and service providers to deliver quality work in the oil and gas industry. However, with the advent of the NOGICD Act of 2010, the resistance has faded and the IOCs have not only embraced local companies, they have also transitioned into a ‘partner-in-progress’ wherein IOCs now have Nigerian Content Departments that work with local service providers to deliver more.

Comment on the impact of the Nigeria Content Act on Nigerian economy so far. Could you give statistics of how many new indigenous companies arose thanks to the Act? How is the Act supporting companies? The Content Act has been a game changer for our oil and gas industry. Things that could not be done before are now being supported. We have numerous indigenous outfits in engineering design, fabrication, construction, manufacturing, logistics, etc. Nigerian engineering firms like NETCO, IESL and DeltaAfrik now participate actively in FEED and detailed engineering design of oil and gas facilities including offshore facilities. Dorman Long has acquired the capability to fabricate pressure vessels while Nigerdock successfully fabricated the 2,700 ton Sonam non-associated gas well head platform – which is the largest ever made in Nigeria. The London Stock Exchange lists some of these Nigerian companies as part of the 58 fastest growing private businesses in Africa, representing the success stories of Nigerian Content implementation.

In the oil sector challenges began with the crash in crude oil prices in 2014. The whole economic situation in Nigeria was not very promising when you were appointed as the Executive Secretary of NCDMB in October 2016. Which strategies did you find or plan to implement to reduce the struggles for the industry? When I entered to office, I ensured we took a holistic review of what has been achieved to date in terms of gains and challenges. We are developing a five- to 10-year strategic plan for the Board to chart our strategic intervention programmes going forward. Some of the quick wins are already being implemented.

For service providers, we are seriously working to provide multi-platform access to the Nigerian Content Development Fund (NCDF) targeted at various segments. Ongoing collaboration with the Bank of Industry (BOI) will provide direct lending to service companies at single digit rates. Under the community content strategy we are also working on a community content development fund to support our local entrepreneurs, in line with the philosophy of the Petroleum Industry Roadmap launched by President Muhammadu Buhari (GCFR). We are in discussions to utilise the newly established Development Bank of Nigeria to reach out to this group via a dedicated local content division.

Lastly, the Nigerian Oil and Gas Opportunity Fair (NOGOF) held recently in Uyo, has shown that there are still tremendous opportunities in the industry despite the lull. From the feedback, the Fair provided a platform for renewed optimism about the volume and scale of business in the Nigerian oil and gas opportunities funnel.

Your institute provides the conditions to ensure the growth of this national sector. It’s really a very responsible and exciting, and one might even say life mission. What is your take on leadership? Who would serve as your inspiration? I believe leadership is really about humility and selfless service. These are two key qualities that I believe a leader must possess. I would say Nelson Mandela inspires me because of his humility and tenacity. I’m also inspired by Martin Luther King for his capacity to communicate very clear messages and inspire others to create positive change.

“...We are developing a five- to 10-year strategic plan for the Board to chart our strategic intervention programmes going forward. Some of the quick wins are already being implemented.”

SIMBI WABOTE, EXECUTIVE SECRETARY OF NCDMB
Nigeria’s oil and gas free zones are being repositioned for global competition in a series of wide-ranging corporate and institutional reforms. In this interview, Umana Okon Umana, managing director of Nigeria’s Oil and Gas Free Zones Authority (OGFZA), the national regulator for the sector, gives details and context of how the country’s oil and gas free zones are being reprogrammed for the world market.

Could you give us a valuation of the administration of President Buhari from the perspective of investors and their confidence? When President Buhari entered office, the perception of Nigeria was very poor but he has taken a number of concrete steps to change that perception about Nigeria. There’s a council in place to address issues that have to do with how we can improve on the ease of doing business. Now we’ve stepped up to complement the efforts of the Corporate Affairs Commission, who have implemented reforms that allow businesses to be registered online in any part of the world in a very expeditious manner.

In the free zones, we have reduced the time it takes for prospective investors and companies to obtain or renew a licence. To ensure efficiency, we recently signed an agreement with Oracle to deploy their Cloud application making us the first public service agency in Nigeria to utilise the Cloud. The automation of our processes will position us as a global player, so we can compete with other global free zones, in terms of the efficiency of the services we offer to our clients. Our strategy is to deploy the public private partnership (PPP) approach, so we’re looking to partner with private investors to establish new zones and expand the existing ones.

What is your immediate plan for the 35,000 acres of land received from Bayelsa? In Bayelsa, we already have a major investor about to establish the biggest fertiliser plant in Africa for exporting urea, known as The Brass Fertiliser Project. Since the land is licensed, we can facilitate access so that land will not be an issue for the investors who will be coming. The project is estimated to be the largest single private sector investment in the Niger Delta region, projected to generate 15,000 jobs during construction, and engage 5,000 permanent employees upon completion in 2020. We hope that Brass Fertiliser would fill the gap in the value chain that will make Nigeria self-sufficient in fertiliser production, thereby delivering a major boost to the agriculture industry. With other oil projects in the works as well, this is also going to become the hub of manufacturing and industrial activity in oil and gas in Nigeria.

Let’s talk about the argument concerning tariffs in the free zones? It was an issue for our investors who were charged high fees for their facility usage, effectively undermining their incentives. We’ve begun the process of engagement with all the stakeholders so that the tariffs will come down and are making progress.

“Change begins with me”. If you can, very briefly describe how you relate yourself and OGFZA to this slogan? “Change begins with me,” is a very worthy initiative and I think we have to lead by example, in terms of the things we are doing, we have done and we will still do. Our initiatives and reforms are anchored in the need for change, to improve service delivery, to make life easy for our investors, to help in improving the ease of doing business, which is the overall programme of the Federal Government.

What message would you like to pass on to the international audience of Forbes? I would like to point out that Nigeria remains a very strong destination for FDI, because Nigeria has strong market opportunities with a population of over 180 million people. With the ongoing reforms in the area of fighting corruption and improving core infrastructure highlights, Nigeria is a destination that foreign investors cannot ignore. Huge opportunities exist in oil and gas, power, telecommunications, and of course, agriculture. So, Nigeria is ready and very attractive for investments.
Letting the Conversation Flow

Penresa had the chance to sit down with the heads of major players in the Nigerian oil and gas sector to discuss local content legislation, collaborating with partners and the future of the country under the current administration.

INTERVIEW

From Amni International, the independent indigenous oil and gas exploration and production company, we have Tunde Afolabi, Chairman and CEO. From Petrolex Oil and Gas, which focuses on delivering value across the oil and gas value chain, we have CEO Segun Adebutu and from Makon Group, an international engineering and technical service company, we have Group Managing Director Oluseyi Makinde.

Adebutu (Petrolex): I am a graduate of economics from the University of Ibadan. My father was one of the pioneers in the gaming industry, eventually branching out into casinos and then the lottery, which is one of the largest in Africa. The experience of working with my family gave me the foundational stones for my eventual growth into business. I dabble in other businesses but the flagship has always been my oil and gas company, specifically solid minerals, construction and maritime. I also run the Oladiran Olusegun Adebutu Foundation (“OOA”) focused on creating opportunities for children to thrive.

Afolabi (Amni): I studied abroad in the U.S. throughout the seventies, obtaining a Bachelor’s Degree in Geology followed by a Masters and eventually a Doctorate. As a professional geologist I’ve worked for over 35 years in the oil and gas industry. The problem with the Nigerian content is lack of preparation. You have maybe two or three stages of supply in the oil and gas industry. The problem is that we did not start at a stage where the IOCs can feel comfortable to give a mud-logging job to a Nigerian company. There is a bit of resistance from the IOCs, to say, I’m sorry I cannot jeopardise my US$40-200 million work on the back of local content. So, there is a bit of lack of coordination on the part of those who promulgated this act. It is very obvious that maybe the whole lot you find three or four companies that can actually do the work and a lot that are just there struggling. I think there has to be a rethink into how that is managed for it to be more effective but there has been improvement lately.

Makinde (Makon): We’re really very proud of our heritage because at some point we were metering half of Nigeria’s crude oil export, which was going through our own system. We were doing that until 2007 when we saw an opportunity with the Nigerian content aspirations. Eventually, that became the law and we latched on to the back of that to expand the scope of our offerings. We’re proud to say that we’re the first Nigerian company to actually take a project from BFD. We’ve had Nigerian companies, where someone will do the engineering and someone else will do the construction or someone else has done the engineering and then we do the construction. With this project, it was the first time a Nigerian company was trusted to manage everything, from design to commission.

Adebutu (Petrolex): I would not be here today without the Local Content Act. Petrolex Oil and Gas was formed in 2007 and before then, there was no structure at all. With the Local Content Act, a lot of infant companies that otherwise would not have been able to play in this market have now become major players, because you’ve got these big organisations like Mobil and Shell, that have budgets that are comparable to many African countries. So, how do you play in the same market with them with a budget of $25,000, which was what I had when I started. Local content has been incredible and was a stroke of genius by our former President, Chief Olusegun Obasanjo. Many people’s successes would be incomplete without the local content so it has been very pertinent in the growth of Nigerian start-ups and the Nigerian economy. It’s given birth to all services. It’s cascaded down to many people. It is a good policy.
How are indigenous companies currently working? Would it befit them to begin working closely together?

Afolabi (Amni): The problem is the size of the assets and then the distance between them, to have synergy in facilities. More importantly, there is the problem of ownership. However, I think we are getting close to that stage where people are more interested in bottom line, to say that it may be costing me more money because I’m chairman. Now, I think we are getting to the stage where people ask if you can get better value working with two or three other companies, where we can share value add. I think during this period of low oil price it’s forcing us to be more proactive in looking for cheaper ways to run the operations in. I haven’t seen it yet, but I can feel that people are beginning to think, at least, let’s share facilities and assets.

Adebutu (Petrolex): I would think that for many occasions, relationships between the IOCs and indigenous companies have not been acrimonious in any way. Communities are a different matter. People will always feel that they deserve more or get more because it’s their land. In terms of relationships with companies, many marginal field operators, indigenous upstream and downstream companies, present company included, have had good relationships with them. It makes sense to work with somebody who is still on the ground and has a distribution network as well. Obviously, there will be bad apples, issues and court cases, but that’s business. There are more good stories than bad.

Adebutu (Petrolex): I believe in the cascading effect in life. You empower one person; that one person grows up and empowers two; the two then empower five; they empower 15 and so on and so forth. Buhari has told us what to do. He has given us a healthy environment to do business and evened the playing field. He’s done it in such a way that, if you have good ideas and you’re willing to work and be honest, you will get support. If you can do that, you will employ people and they will have the means of livelihood to support and employ other people. Hence, the cascading effect. It’s been helping Petrolex and help Petrolex itself, by helping people set up businesses.

What do you think Buhari’s message of “Change Begins with Me” means and could you give a message of confidence to potential investors or partners?

Afolabi (Amni): There are companies now, like Amni that have been tried and tested – we have been there now for a quarter century operating on both sides of the Atlantic, so we know the business and we do know both the European and American culture. So, we can marry those and have a very beneficial relationship with certain investors. Yes, you can go and invest in the US, your return on investment is so small but it’s also safer, or you can come and invest in Nigeria where you have a huge return on investment and you can manage the risks by those who partner you. Nigeria is a very good, very beneficial country to invest in.

Makinde (Makon): Well, the only thing that is constant in life is change. It’s whether you can change voluntarily or your environment will change you. For Makon, we started as a sub-specialized company, dealing only with metering. Then we moved from there to instrumentation and control systems, to automation and now to larger-scale projects. So, we’ve been changing, but it’s been positive and progressive. That’s what I expect from the country because I see Nigeria occupying a very unique position within this region, in Africa and the world community as well. That’s what change means to me and the same thing for the company; that’s what change means for us.
Gas Revolution
Setting the stage to become the regional gas hub of Africa.

Fuel is a major component of every manufacturing or production process however, the choice of fuel depends on price, availability of fuel, delivery channels and supply reliability. Crude oil has been the choice of fuel for Nigeria for quite a while, however this is on course to change under Buhari’s Gas Revolution. Production of natural gas is typically from gas associated with crude oil production or non-associated gas which occurs independently of exploration for crude oil. Currently, compressed natural gas (CNG) and small scale liquefied natural gas (LNG) are two virtual pipeline solutions currently in development across Nigeria. For instance, development of the Escravos-Lagos Pipeline System (ELPS), which takes gas from Western Niger Delta to Lagos, has made it possible for various power plants to offtake gas from the pipeline. The ELPS has developed gas distribution franchise areas in Lagos allowing certain industries to save over 50% in energy, compared to the use of other liquid fuels. According to the NNPC, “Sharing our facilities and certain services will assist in reducing the costs to reduce mobilisation and operations. It’s a win-win for those involved.”

Under the Gas Revolution reform, capacity in Nigeria is being redoubled and within a few years the entire nation would be equipped for gas. This reform comes with a heavy economic investment in excess of US$50 billion (about N1.58 trillion), while $13-17 billion will go towards the development of upstream gas fields with a total of 37.4 trillion cubic feet. Another $14-17 billion will go to the Trans-Nigeria gas pipeline project, gas revolution industrial park at Ogidigben and three power plants for additional 3.2GW capacity in the gas and power sector. An additional $3-5 billion will be invested in the licensing and establishment of modular refineries, collocating the refinery within Kaduna Refinery and Petrochemical Company (KRPC) and rehabilitating and upgrading the three refineries. In the downstream sector, $3 billion is allocated to the revamping of liquefied petroleum gas, building of new compressed natural gas plants across the country and to pipeline and storage tank constructions.

“All that we need to make Nigeria a regional hub of petrochemical and fertiliser is in place and Nigeria clearly will become the regional hub of gas in Africa,” affirmed NNPC’s Dr. Ige. The Ajaokuta-Kano-Kaduna (AKK) gas line is in an advanced stage of design to supply gas to the northern part of the country for power generation and gas-based industries. The AKK will also link up with the trans-Nigerian gas pipeline, which takes gas into Europe via Algeria and then through Gibraltar. “Of course” states Dr. Ige, “the building of the trans-Nigerian pipeline system gives a huge opportunity for partners as well as replacement of some of the aged pipelines. Opportunity is flowing.” These opportunities and improvements in gas availability are a testament to the holistic approach of Buhari’s team in resolving the power crisis in Nigeria permanently.

Domestic gas usage has been ever increasing while the nation as a whole is on its way to achieving gas export parity, a development that would encourage greater investment by the private sector. Recently, Vice President Yemi Osinbajo unveiled a $20 billion public-private partnership industrial plan, the Gas Revolution Industrial Park (GRIP). Located in Ogidigben in the Delta Region, GRIP is envisioned to be a regional hub for all gas-based industries. Creating 250,000 jobs in the process, the industrial park would act as a cluster for several industries in one location benefiting from an efficient, cost-competitive and abundant supply of natural gas, proximity to a deep sea port and centralized utilities. Originally conceived by NNPC, it will connect to the ELPS. Minister Ibe Kachikwu expressed confidence that “the GRIP will bring the much needed succour to the people of the Niger Delta, and the oil-producing states.”

When President Buhari and Minister Ibe Kachikwu put forth their 7 Big Wins platform, they ensured that under their watch, the “old” Nigeria would slowly disappear while a new era would arise. Assuring security and the new ease of doing business in Nigeria, they promised progress on reforms in the oil and gas sector. These new policies and regulations are being developed with all stakeholders and the Petroleum Industry Governance Bill. Compared to other alternatives, natural gas is the cheapest available fuel source however, despite this, the use of natural gas is not as widespread in the country due to limited gas reserves development, inadequate pipeline infrastructure, supply insecurity and the absence of clear fiscal terms. Nevertheless, with a recent business environment and investment initiative plus an extensive roadmap in place, the Gas Revolution is on the right track to usher in Buhari’s vision for a “new” Nigeria.
Champions of Change

Penresa showcases some of the biggest movers and shakers in the country with a forward focus.

Penresa is privileged to get a first-hand look at the incredible initiatives and steps being taken to drive the Giant of Africa forward. While President Buhari’s administration has done an admirable job in creating and implementing its roadmap thus far, we would like to showcase some of the prominent private sector companies who are championing change and pushing the Nigerian oil and gas sector forward. Buhari’s roadmap will provide huge investment opportunity in infrastructure development, oil and gas facilities, operations and maintenance across the entire value chain. These companies, working in tandem with the public sector, are helping Nigeria and Africa in general to industrialize faster, trade more and create millions of jobs, all with the goal of driving the continent forward to a future of prosperity.

Risk takers and job creators are at the forefront of the Nigerian oil and gas industry dealing in the upstream, downstream, exploration, production as well as logistics and shipping. All are focused on improving Nigeria’s energy sector and it is these leaders who continue to focus on promoting and developing local content and human capacity to create a more cohesive and prosperous sector for Nigeria’s future. In the following pages, we present you with a comprehensive look at the movers and shakers within these forward-thinking organisations who have instilled a progressive vision at their company’s core to complement the 7 Big Wins.

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We are structurally incentivized to reward your risks optimally.

Ofserv is an integrated energy company organized to harvest opportunities across the E&P value chain. Formed in 2008, Ofserv commenced operations in 2010 providing innovative and cost effective solutions within the upstream sector of the Energy Industry. Our strategy centers around employing creative solutions that accelerate field development as well as enhance our client’s operational efficiencies. We understand the benefit of full commercialization of Oil & Gas fields and are uniquely positioned to help maximize value and returns to asset owners. Ofserv principals including its advisors draw on over 100 years of combined, world class Oil & Gas industry experience relevant to Africa.

www.ofserv.com
ALCON commenced activities in 1982 as a simple construction contractor and has evolved over time into an engineering, procurement, installation and commissioning, operations and maintenance contracting company of choice. ALCON is a 100% Nigerian owned company with 100% of its funds domiciled in Nigerian banks.

ALCON’s vision is “to become the lead EPC contractor in the civil, infrastructure, industrial, oil, gas and power industries for mid-sized onshore projects, while its mission is to delight our customers by delivering awarded contracts on time, within budget and with no compromise in HSE and quality.”

ALCON is capable of handling EPC contracts up to US$250 million in the oil & gas sector, power sector and industrial infrastructure sector and $400 million for P&C projects. ALCON’s track record is evidenced in successful completion of over 120 projects since 1985, primarily in the oil and gas sector, in the Niger Delta. Some key projects executed include: NAOC EPIC for Idu Field Gas Recovery & Plant Revamping, SHELL Gbaran Field Logistics Base, SHELL Construction of the Okoloma Gas Plant & Pipelines, and SEPTA Uquo Gas Plant – Central Processing Facility.

ALCON remains financially strong and has undertaken projects over $1 billion in the past eight years while maintaining an asset base of $8.9 billion in equipment and facilities. There is a continuous and deliberate effort to re-invest in its facilities, equipment and personnel.

ALCON is transforming itself to expand its area of project execution by exploring new locations outside the Niger Delta region including other sub-Saharan African countries with viable opportunities in her core areas such as Ghana and Mozambique.

With its planned advancement, ALCON is ensuring she builds a sustainable corporate structure operating in the oil and gas sector and the power sector while leveraging on strong global partnerships. The first instance of this is ALCON’s partnership agreement with the renowned ABB group as a channel partner for the manufacture of low voltage panels. A mini workshop has already been set up with a much larger workshop currently under construction at ALCON’s base in Port-Harcourt to support ALCON’s Low Voltage Division. The target is to export to sub-Saharan Africa by 2018.

ALCON remains an HSE compliant organisation and has been able to achieve over 45 million free LTI (lost time injury) since 2003 – a most commendable feat for an organisation of its size and strength. To that end, ALCON’s Chief Executive Officer has just been awarded HSSE & SP award by Shell BV-Holland.

ALCON thrives on diversity and this has remained its most valuable asset in ensuring the achievement of set goals and vision. A most recent venture in the power industry is the resultant project with Siemens at Azura and General Electric (GE) and METKA at AFAM for the addition of a 600MW to the Nigerian grid.

ALCON’s reputation as a choice indigenous contractor of choice is showcased by a clientele base that spans through reputable international companies such as Shell Petroleum Development Company, Nigeria LNG Limited, Siemens, METKA, GE, while heavily pursuing opportunities with Chevron, Total, Seplat and Carrier.

Our future is to serve the needs and growing energy demands of sub-Saharan Africa by focusing on gas and power infrastructure projects in the region.

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PENRESA
ALCON NIGERIA LIMITED

OVER 34 YEARS and Still Growing

Our future is to serve the needs and growing energy demands of sub-Saharan Africa by focusing on gas and power infrastructure projects in the region.
Sharing the WEALTH

Nigeria’s leading oil and gas producer focuses on commercial production at Otakikpo while developing Ogo oil discovery.

An ambitious indigenous exploration and production (E&P) company, combining financial knowledge with local expertise. LEKOIL was founded in 2010 and shared its benefits of resource extraction with local communities. Founder and CEO, Olalekan Akinyanmi, ran a billion-dollar fund in New York before switching to the oil and gas industry. Having worked for Schlumberger in Nigeria, Egypt, Pakistan, Oman, and Scotland, his engineering expertise grew. Collaborating with leading professionals, LEKOIL began operations and six years later, was set for crude production. “It’s been quite a journey,” explains Akinyanmi, “We have the ingredients needed: strong assets, access to capital, and human resources.”

“One good thing about Nigeria,” Akinyanmi says, “the oil industry has been here for a long time and the quality of training and education is historically good, there is a pool of skilled and experienced Nigerians who are the best in their fields, and we have brought them together.”

The recently produced Otakikpo field, a marginal field in Andoni (eastern Port Harcourt). Within 18 months of acquisition, LEKOIL built infrastructure, and worked hard to become part of the community through various outreach programmes, bringing medical services and power to the people. “We believe that an asset comes with a community,” rationalises Akinyanmi, “You need to have that CSR mindset. We are not doing CSR mechanically, but organically as it’s a key part of our engagement strategy. Upon arrival at the community, the first thing we did was get to know them, work out their needs and see what we could do to help.” Besides medical outreach programmes, LEKOIL is also bringing power by establishing a 6MW power plant, for the area.

“Otakikpo began in a swampy location without infrastructure, and our team delivered production in under two years with over a million hours and no lost time injuries. I am extremely proud of our people’s achievements.” The company is expecting to ramp up production to 10,000 bpd, and subsequently up to 20,000bpd in the second phase.

LEKOIL’s ambitions do not stop there. “Our next asset, Ogo, is located in OPL 310 block, offshore Lagos in the underexplored Dahomey basin, on the West African Transform Margin, (ranging from depths of 100 to 800 metres). Identified in a basin study, LEKOIL acquired an interest, drilled an exploration well and side-track, which turned out to be the third largest discovery in the world in 2013.”

LEKOIL’s plan is long term, and appraisal drilling for Ogo is underway, with a prospective spud date in 2018, subject to agreements with potential financing partners. “Today, we are getting ready to start developing and shifting focus to production at Ogo.”

In March 2017, LEKOIL signed a Memorandum of Understanding with GE Oil & Gas for the development of a work programme for the Ogo field. This discovery is a game changing resource, containing enough oil and gas to contribute to the country’s power generation need. The find is in close proximity to the West Africa Gas Pipeline, further bolstering Nigeria’s gas exporting ability to neighbouring countries.

LEKOIL’s ambitions have already taken them beyond Nigeria’s borders. One-third of its assets is a block 100km south of Lagos, OPL 325, a deep-water block, activity anticipated by 2019, and its two other blocks are in Namibia. LEKOIL is on the right path to becoming the world’s leading exploration and production company focused on Africa.

According to LEKOIL, the future of gas is looking rosy. “The Nigerian government is serious about providing incentives to develop the gas industry. The Office of the Minister of Petroleum Resources invited us to contribute to a new gas policy, and thus far we are optimistic.” With the country expecting agreements to move ahead in 2017, freeing up capex funds for the industry, the year ahead is looking up for ambitious companies. LEKOIL has already created LEKGAS, a gas midstream vehicle for LEKOIL. Beyond playing a key role in development of gas assets like Ogo in which LEKOIL has an equitable stake, LEKGAS will focus on gas processing, transportation, storage and power space in Nigeria and sub-Saharan Africa.

“Nigeria needs power; it just needs to get the right incentives to facilitate the sector’s development.”
“What differentiates us from the others is that we aren’t competing with anybody except ourselves,” states Adiatu Adeyemi – Managing Director and CEO, Tulcan Energy. “We have our focus and goals, so as long as we are treading in the right direction while adhering to our vision, we are good to go.” An independent oil trading company actively involved in the distribution of various petroleum products Tulcan Energy Resources Ltd is involved in the full supply and trading of bulk oil shipments via marine operations within the West African coastal axis. Prior to its formation, Tulcan’s principals participated actively in all parts of the supply chain in the downstream sector including trading, storage, trucking and retail outlets. Ensuring that all operations are properly planned and performed within budget and schedule are Tulcan’s core objectives. “We supply a lot of majors – Fortia, Sara, Conor etc. – and do our best to complement their efforts because of the obligations they have to reach with the banks, so we usually step in to bridge that gulf,” said Adeyemi.

Currently, Buhari’s government is taking a lot of strides in implementing local content involving all indigenous companies to drive the industry. “It’s been better, because back in the day you used to have a limited number of a few companies that were indigenously owned, that were direct contractors for the IOCs whereas now, we have more indigenous companies that are actually working hand-in-hand, not just suppliers or contractors alone with IOCs.” Developing local content is crucial for Tulcan’s future which is why they ensure mentorship and training for human capacity alongside working with local contractors on applicable projects. “I started life early as they say,” smiled Adeyemi “so I’ve always embraced challenges at a very early age and still do. I believe in the young generation. Our young graduates have done well and not disappointed us because of the structure we have provided in our training.” As an indigenous company, it is essential to Tulcan’s success to assist in developing homegrown talent in every area they can.

Working with the government, construction and oil and gas sectors always brings a new set of challenges and prospects. Tulcan’s aim is to constantly build its own capacity, with the aim of operating efficiently in diverse environments while delivering for their clients. Aiming high comes from its internal staff which Adeyemi likes to refer to as “uncompromisingly professional, who are always willing to give their best.” Constantly reviewing the needs of clients for service optimisation is paramount in the sector and for Tulcan “the transfer of trust from our clients is important for the overall progress of business.”

Transparency and accountability are fundamental for Tulcan’s mission and they are unapologetic in their goals, which is why they work closely with government rules and regulations. “When we are pushing transactions, I go from bank to bank to ensure we always have one or two banks at our beck and call. Working as a team, my staff is always aware of what we are doing and know that quality is our watchword.” This method boils down to leadership, which Adeyemi embraces as “charismatic that can change to autocratic, when need be. It’s typically Nigerian.”

Tulcan Energy sees Nigeria for all of its potential but hungers for the rest of the world to see it as well. “There are so many development opportunities here and with the right input – be it American or European, we can get it done better. We just need to believe in our vision and focus as a country at large.” The discovery of crude oil has brought a massive amount of investors and international oil and gas companies to Nigeria to explore further and the Nigerian government has done well to maximize it to the best of their ability. The challenges are there but it seems the days are gone when Nigeria is only exporting its best products. Discipline and dedication are crucial for continued progress and success and for Adeyemi, “the future will continue to get better and it starts from now.”

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Against the CURRENT

SEPLAT’S transformational gas business has a clear focus on delivery.

Formed in June 2009, SEPLAT is a leading Nigerian independent oil and gas company listed on both the London and Nigerian stock exchanges with a strategic focus in the Niger Delta of Nigeria. Being the only fully-listed Nigerian company acts as a strong and tangible endorsement of their corporate governance standards and has opened up greater access to both the domestic and international capital markets.

Formed through the partnership of Shebah Petroleum Development Company Limited and Platform Petroleum Joint Ventures Limited to specifically pursue upstream oil and gas opportunities in Nigeria, SEPLAT is the appointed operator of a portfolio of three onshore producing oil and gas blocks in the Niger Delta, including numerous producing fields and future development opportunities. Alongside its oil business, the Company has also successfully begun to commercialise, develop and monetise the substantial gas reserves that exist on its blocks.

SEPLAT was quick to see the opportunity of the increasing importance of natural gas as a key source of energy for Nigeria, especially since “it has enabled us to maintain a steady revenue stream throughout the year,” points out Chairman and co-founder Dr. A.B.C. Orjiako. Its direction is pointing towards securing blocks in the onshore to shallow water areas of the Niger Delta that offer near-term production growth, and reserve potential. Originally producing 90MMscfd (90 million standard cubic feet of gas per day), it currently delivers 300MMscfd, translating to about 30% of gas to power in Nigeria.

According to Dr. Orjiako, “this success can be attributed to the people of Niger Delta, who were the anchors for success and have a genuine aspiration to be part of the economic activities in the oil and gas industry.”

The installation of dedicated gas production and processing facilities and the drilling of gas production wells aims to boost supply of processed gas to the domestic power sector in particular.

Dr. Orjiako believes, “that gas is the life blood for Nigerian economic growth,” because it’s a cleaner form of energy. By emphasizing its gas development and aligning itself with Buhari’s Gas Revolution, SEPLAT predicts that by 2020 it will be doing a billion square feet of gas and all in the domestic market. Just looking at Nigeria’s enormous gas reserves plus the needs of its citizens in terms of demands and infrastructure, SEPLAT’s goals might come sooner than they think. Gas prices are disassociated from oil prices and have steadily increased to commercial levels, meaning that SEPLAT can confidently plan, finance and invest in gas opportunities independent of oil price dynamics.

SEPLAT believes its success is dependent on its adoption of the Nigerian content initiative, making them great drivers and promoters of Nigeria in everything they do. To continue to nurture these relationships, SEPLAT is fully focused on proactive engagement with the communities where it operates; implementing community projects based on sustainable development principles. These initiatives continue to promote local capacity building, support host community participation and enhance the quality of life for individuals within these local communities through the provision of free healthcare, education and community development programmes, skills training and the development of local infrastructure. “The strong partnership we have built with our local stakeholders is an integral part of our operating model,” notes Dr. Orjiako. “Our mission is to build and sustain a world-class oil and gas company through innovative partnerships and a shared value model, which continues to ensure that our investment creates a positive impact amongst our host communities.”

In recognition of the company’s achievements SEPLAT won the “Best Africa listing 2014” award by Africa Investor, “Mid-Cap Company of The Year 2014” award by the Oil and Gas Council, was named a “Global Growth Company 2014” by the World Economic Forum in 2014 and received the “Best CSR Sole Risk/Independent Company of the Year” award at the 2016 Businessday-Oval Energy Oil & Gas Roundtable Awards. Since its inception, SEPLAT has been guided by a clear and consistent strategic vision to be the leading indigenous African independent oil and gas company. Operating in the Giant of Africa, where natural resources are abundant and flush with a vibrant entrepreneurial spirit, Dr. Orjiako sees the country as “an investor’s heaven – a land of prosperity with quality, increasing growth, justice and fair play.”

As an organisation grounded in being fully transparent and ethical, positive change is embedded within its core. SEPLAT believes its transformational gas business coupled with financial discipline and diversification will reinforce its position as Nigeria’s leading independent E&P company.

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A New World of Possibilities for Nigeria

An integrated energy conglomerate with strategic investments that are building communities, transforming lives and driving economic growth and development in Nigeria.

Nigeria’s energy market is teetering upon an indigenous revolution and Petrolex Gas and Oil Ltd is proving responsible for pushing it securely and ambitiously forward to the next stage. Founded a decade ago by Nigerian visionary, business magnate and philanthropist Segun Adebutu, Petrolex currently provides services ranging from petroleum products distribution, storage, and marine transportation. Petrolex’s subsidiaries are positioned to be market leaders, delivering superior value across the Nigerian oil and gas value. They are Bluebridge Marine Limited, Oladiran Engineering and Trade Limited, Terminal Operations Limited, Bluehaul Limited and Hibiscus Limited. Aiming to make Nigeria completely self-sufficient, Petrolex possesses a deep dedication to providing energy responsibly, in line with the safety and environmentally friendly international standards.

THE PETROLEX MEGA OIL & GAS CITY

In the bid to revolutionize the Nigerian energy landscape with industry-defining assets across the energy value chain, Petrolex commenced the planning, design and development of The Petrolex Mega Oil City, located in Ibefun, Ogun State about five years ago. To date, the company has acquired over 13,000 acres of prime land and currently concluding the negotiation of another 12,000 acres, to make the Petrolex Oil City at 101 square kilometres, Africa’s largest petroleum products hub, with a size that is approximately 10 percent the size of Lagos state.

The Mega City will feature:

- **Refinery**: 250,000 barrels per day refinery
- **Tank Farm**: 300 million capacity to turnover 600,000 million litres a month
- **Gas Processing Plant**: to produce 50,000 LPG cylinders to make LPG gas more affordable
- **Marshaling Yard**: Petrolex’s 4,000 capacity trailer park in Ibefun
- **Lubricant Plant**: The Mega oil city will also be home for an ultramodern lube plant

The Petrolex Mega Oil & Gas City is conceptualized to enjoy the distinction of housing some of the most advanced oil and gas infrastructures in Africa. The first phase of the Mega City, which comprises the flagship 300 million litres Ibefun Tank Farm, a residential quarters, army barracks, 30 loading gantries, and a 4,000 truck capacity trailer park with accommodation for drivers, is scheduled for official commissioning before the end of 2017. This legacy investment of over $330 million to date, as audited by PWC, will be the largest products storage tank farm in sub-Saharan Africa. Creating at least 2,000 jobs, the Ibefun Tank Farm is an example of the company’s dedication to building communities, empowering people and driving economic growth in Nigeria. As Adebutu claims; “Hopefully, by the time we’re done local staff here will be at least 70-80%. It has actually improved economic activities in the town and its environs. It’s not just about direct employment. We’re setting up a city here.”

Adebutu has proven himself a proficient game changer in developing a fully automated petroleum storage facility allowing for effective and efficient distribution. With a 300 million litre capacity facility, 30 loading gantries and a 4000 truck capacity trailer park, the tank farm is connected to the Nigeria System 2B pipeline at Mosimi ensuring the supply and distribution of petroleum products all around the country. With an expansion plan to increase the storage capacity, the oil city will also be home to a power plant, LNG (liquefied natural gas), LPG (liquefied petroleum gas) plant and an ultramodern lube oil plant to maximize value.

CREATING A SUSTAINABLE FUTURE

Petrolex's unique sustainability model includes a comprehensive environment conservation and reforestation programme and a successful host-community engagement framework while its corporate social investments continually add value to millions of lives creating over 10,000 new jobs expected to be created in the short term, both directly and indirectly. With over 500% improved throughout capacity for the distribution of petroleum products; approximately 70% decongestion of the Apapa & Ibafo tanker traffic and elimination of associated hazards will take place during the Petrolex development. With extensive social investment that will impact over two million lives, Mr. Adebutu states that “A New World of Possibilities’ aptly captures the ever-evolving spirit of Petrolex, as we will not relent until we see Nigeria transformed into an energy self-reliant nation in the immediate future.”
Energizing the **Ecosystem**

DeltaTek develops human capital and infrastructure across sub-Saharan Africa.

Focused on human capital development and strategic positioning within sub-Saharan Africa, DeltaTek Engineering Inc. is committed to and passionate about making the Nigerian Content Vision a reality. To realise these goals, the Group has formed strategic partnerships with world-class operators while consistently harnessing the required human talent and technology. Looking within and improving internally is not just a job rather a duty, which is why DeltaTek constantly surveys gaps within the system and applies programs to close or repair them. Beginning operations in Nigeria in 2003, the “Nigerian Content Policy” initiative helped to completely transform the company. As Oluwaseyi N. Oyeneyin, Branding Specialist, DeltaTek Offshore points out, “Local content, as a law, helped us tremendously. By developing vessel, offshore installation and construction through joint ventures with local content, we’re able to cover the entire value chain, from engineering to oil.”

As a service provider, new product development and innovation are key especially in a thriving and competitive marketplace. Dealing with the major companies versus local players resulted in the creation of Delta Lite – a service to give the client what they want at a reduced price. “Exxon Mobil will demand certain deliverables while a local company will tell us to cut the five steps into two but garner the same result,” says Oyeneyin. “With Delta Lite, we can deliver a very high quality service at a very cost effective package.” The company’s passion for local content is a result of the right environment enabled by the government. DeltaTek’s success is the perfect example of something great happening in the energy industry, when built from within.

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**DeltaTek Offshore**

DeltaTek Offshore is an Engineering, Procurement, Installation Construction and Commissioning (EPICC) services provider that delivers innovation and value to customers throughout the full spectrum of an offshore oil and gas project from exploration to production.

**We offer the underlisted services:**
- Project Management and Engineering
- Transportation and Installation of fixed offshore platforms
- Transportation and Installation of subsea pipelines
- Subsea Completion Works
- Floating Production Systems/ CALM Buys
- Platform Fabrication
- Platform De-commissioning
- Underwater Inspection, Repair and Maintenance (IRM) Services
- Turnkey Subsea Services Solutions
- Operations and Maintenance of Offshore Assets such as FPSOs, Fixed Platform amongst others
- Installation of Umbilicals, Flexible Pipelines and Power Cables

**Vision Statement**
To be the leading offshore, Engineering, Procurement, Installation, Commissioning and Construction (EPICC) company in Sub-Saharan Africa.

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MRS Oil Nigeria Plc is an affiliate member of MRS Holdings Limited Group, a Pan-African conglomerate of companies with diverse activities that are focused on capturing the entire value chain in oil trading, shipping, storage, lube manufacturing, aviation, distribution and retailing in West and Central Africa. With a vision to be the leading integrated energy company recognized for their people, excellence and values, MRS Oil Nigeria Plc are an organization focused on improving operating efficiencies in all areas of the downstream sector.

As one of the largest and leading marketers of refined products, including quality gasoline, marine and aviation fuels in Nigeria, the company markets premium fuels under the MRS brand across hundreds of retail service stations strategically spread across Nigeria. With a wide range of lubricants and industry expertise, the company also offer premium lubricant brands- Stallion and Premier Motor oil. MRS Oil Nigeria PLC (MRS) has a lube blending plant that is ISO 9001:2008 certified with a 23.9 million litres annual capacity, 1.3 million kilograms annual capacities grease plant, 7.3 million litres annual capacities tank farm storage and Finished-Goods warehouses located in various parts of Nigeria. MRS has modern Jet A-1 facilities in Lagos, Kano and Abuja international airports with over 5 million litres cumulative storage capacity/tank share. The aviation depots which serve the domestic airports in Lagos, Abuja and Kano are 100% operated by MRS; currently one of the largest downstream operators.

"With the stallion as our symbol, we’ve lived up to our reputation of excellence through our landmark acquisition of Chevron’s West African assets (Texaco), an achievement that has placed us on the league of global integrated multinationals. MRS Oil Nigeria Plc is now one of the largest and most efficient downstream players, with solid roots in Nigeria, Cameroon, Benin, Togo and Côte D’Ivoire.”

Patrice Alberti
Chairman

MRS Holdings Limited, recently made huge investments worth billions of naira on tank farms and distribution facility, aimed at resolving Nigeria’s fuel distribution challenges.

In the company’s effort to develop its business with a positive relationship to the society in which it operates, MRS Oil Nigeria Plc remained focused on its cooperate social responsibility initiatives. The company has made some charitable donations and contributions such as sponsoring the secondary education of a child from the Ovie Brume Foundation, donating to the society of orphans and homes for the blind etc. Notably the company supported the Red Ribbon anti stigma and anti-discrimination campaign to unite the fight against the HIV virus across 11 states. The company has in previous years organized the Under 12 Kids Soccer Competition in Nigeria. The company’s commitment in sponsoring this tournament has contributed immensely to the development of football and other sports in Nigeria. MRS Oil Nigeria Plc’s involvement through investment in grass root football development, will promote the discovery and identification of raw talents and some have been nurtured to stardom.

As a growing company, MRS Oil Nigeria Plc has great passion and commitment to Africa and its people. We are an African company with an eye to put Africa on the global listing of world class companies. Our trade mark is ‘excellence through partnership’.
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The conflict in the Niger Delta continues to challenge both the Nigerian government and the international community. Recently, Minister of Petroleum Ibe Kachikwu stated that, “Niger Delta militants will be the biggest challenge of the 7 Big Wins programme, others are within our reach because you can’t get a handle on it until its resolved.” Past efforts by administrations were insignificant however the current regime lead by President Buhari and Vice President Osinbajo have demonstrated a genuine willingness to solve fundamental issues through serious political dialogue and peace building. While the 7 Big Wins document proposes several long-term initiatives, the short-term roadmap is to strengthen security while improving environmental conditions, diplomacy and collaborative effort between oil producing companies and the locals.

Any credible peace process must involve all parties to the conflict, including government representatives, the communities of the Niger Delta, the militants and oil companies in the region. A framework for discussion, a forum for articulating grievances, and a well-developed agenda are all needed to begin a negotiation process that will lead to a comprehensive solution of the relevant political, economic and security problems. Attacks by militant groups, who want a greater share of the country’s energy wealth to go to the impoverished oil-producing swampland, have seen oil production significantly reduced since 2016. Due to sabotage, they were losing around a billion barrels of oil per day.

“As a government,” Buhari points out “we could have used our military might to respond but we have always made it clear that we preferred dialogue to create peace.” In the end, leaders of the region led the peace and dialogue initiative, resulting in less frequent attacks.

VP Osinbajo’s recent visits making headway in the pursuit of stability in the region.
Currently, the peace option has moved forward with Vice President Osinbajo, who has been visiting major areas in the Niger Delta, to harbor constructive relations. At these visits, Osinbajo leads high-level delegations of the Federal Government interacting with leaders and representatives of the oil-producing communities in continuation of ongoing outreach efforts towards a long lasting and permanent resolution. Although these visits have made some progress, as Minister Kwachiku points out, “production is up to 1.95mb from the lows of 1.4mb while militancy attacks are less with an average of one every month compared to five or six per week.”

While this progress has led to a somewhat unofficial truce, it still has not transferred to some of the leading oil companies in the region. Forcados, which can ship more than 200,000bpd and was the only major pipeline attacked that remains offline, will still need more assurances. “Unfortunately, the pipeline traverses a lot of area so there’s a lot of people in your path,” explains Amni CEO Tunde Afolabi. “The companies that operate in those communities need to be more engaged with the communities where they operate. They need to find some common ground where they can live in peace. It’s happening slowly but at least it’s happening.”

Across the country, in the Niger Delta, and in parts of the North Central region, Buhari’s administration are visibly committed to engaging with local communities, to understand their grievances, and to create solutions that respond to these grievances adequately. “We are fully committed to having an effective dialogue and positive engagement that will end the crisis in the oil-producing areas,” stated VP Osinbajo “and we believe that these visits will further boost the confidence necessary for the attainment of peace and prosperity in the areas and the Nigerian nation in general.” While more localised resource control and accountability are needed in the Niger Delta, the Buhari administration’s ability to play a constructive role in establishing security is equally important. While the Nigerian government insists it will handle the matter internally, all international assistance is needed since the problems in the Niger Delta also destabilise global markets, especially with rising oil prices. “We must all recommit to working together to make the Niger Delta a vibrant and dynamic economic zone,” echoing the need for intense cooperation in the region where the country obtains 90 per cent of its foreign earnings. Bringing comprehensive peace and stability to the region will require the Buhari administration to fulfill its own vision set out in the 7 Big Wins. With transparent dealings and extensive consultations among all necessary players, achieving peace in the Niger Delta has moved from idea to execution under the Buhari government.
Agents of Change
Examining the current successes of Buhari’s national roadmap.

Taking bold and decisive steps is nothing new with the Buhari administration. The vision behind the 7 Big Wins is not just ambitious talk but a set guideline for continuity in a nation that inherently needs it at the moment. With the focus on transparency and efficiency, as well as the commitment to the Niger Delta, the roadmap provides huge investment opportunity in infrastructure development, oil and gas facilities, operations and maintenance across the entire value chain. While the 7 Big Wins is a five-year plan with short to medium focused goals, that does not mean that some accomplishments have not been realized. Buhari boasted to Nigerians that “Change Begins with Me” to instill pride and motivation to push the country forward and some change can be seen thus far in little bits.

Safety and security have been an important mandate under Buhari’s supervision and he’s seen multiple wins across the board in a very short time. His administration has drafted the army to partner with other security agencies in ensuring the security of our national infrastructure and this is already yielding the desired results. With a renewed fight against oil bunkering, the Nigerian Navy has recorded tremendous success lately in apprehending vessels used by oil thieves. This operation has improved security on Nigerian waterways while jacking up government revenue. “The government is being hit on two fronts but we are coming back now,” explains Akin Odumakinde, CEO of Deltatek Group.

INCREASING TRANSPARENCY WHILE TRIMMING THE FAT
“The world is dynamic and you must respond with more modern and proactive ways of doing things,” explained President Buhari. “Which is why we restructured the NNPC meet current realities.” The reorganization of the NNPC into a focused, accountable and transparent institution with autonomous Units resulted in a reduction of operational deficits by over 50%. “The upstream sector is not immune to what is happening globally, in terms of major challenges – price,” emphasized Group Managing Director Dr. Maikanti Kacalla Baru. “We’ve done as much to cut down on costs to make it more profitable. Service providers also have been cooperating but we have to be more efficient and also use new technologies.” While improving transparency, it’s been a key goal to trim the fat while helping those in need. To stimulate the economy and reduce poverty, President Buhari approved deferral in the payment of the bailout as states were still reeling under the burden of the fall in commodity prices. More importantly, records of more than 34,000 ghost workers draining the nation’s resources were expunged from the Federal Civil Service, saving N2.29 billion monthly.

Getting operations up and running again after Niger Delta insecurity has been a major issue during Buhari’s time. Although it’s not fully resolved and Vice President Osinbajo is continuing his visits, the resuscitation of the Port Harcourt, Warri and Kaduna Refineries, which produce about 7 million litres of products per day, is an incredible feat. Introducing a pricing framework for downstream petroleum product pricing to encourage market responsiveness and eliminate subsidy payments, allowing more breathing room for the budget. “I’m quite happy to see that the government is serious,” emphasized Olalekan Akinyanmi, CEO of Lekoil. “We’ve been contributors to the minister’s new gas policy which has us optimistic and hopeful for Nigeria’s future.”

“I would say the present government is actually taking a further step from what the previous government actually initiated/implemented,” explained Tulcan Energy’s Managing Director Adiatu Adeyemi. “Nigerian local content, the indigenous companies that drive the industry, have made some progress under this administration.” The task of fixing Nigeria has not been easy for President Buhari and his team after inheriting a collapsed failed state. Nevertheless, the administration has recorded progress in the task it set for itself - promoting economic growth, ensuring safety and security, and fighting corruption. The number seven has a unique characteristic of representing something extraordinary and while Buhari’s Nigeria is still years away from reaching the end of its roadmap, its little wins provide a glimpse that the Big wins will be of great significance to the nation.
Makon Group is an international organisation with its business interests spanning Engineering, Procurement, Installation/Construction, Commissioning, Operation and Maintenance (EPICOM) for Oil and Gas Facilities, Upstream/Downstream Operations, Refined Petroleum and Speciality Products Supply, Power Generation and Distribution Services, etc.

Through a strong local content vision, technological excellence and innovative engineering solutions, METS contributes to a prosperous future for Nigeria. Investing in sustainable growth and transparent business practices is part of our commitment to a stronger Oil and Gas sector in Sub-Saharan Africa. Using a foundation of International Expertise featuring cutting edge technonlogial standards to deliver localized solutions as an industry Leader.
THE COMPANY OF CHOICE

For over 20 years the Amni International Petroleum’s name has epitomised the pioneering spirit of Independent Companies operating in West Africa’s offshore fields.

Our comprehensive operations encompass the acquisition of licenses, seismic and geological data, interpretation of the acquired data and the drilling of exploration and appraisal wells. And meanwhile, our experience in oil field development that underpins production activities, cements our pedigree across the entire E&P foodchain that bring value to our stakeholders.

And as an active supporter of the broader oil community, we are a beacon of Nigeria’s national aspiration.