Lekoil, partner to acquire 3D seismic at Otakikpo marginal field

AM IKEOTUONYES

Africa-focused oil and gas exploration and production company with interests in Nigeria and Namibia, Lekoil is to acquire 197 square kilometres of 3D seismic data at the Otakikpo Marginal Field in Oil Mining lease, OML, 11, onshore and offshore in the south-eastern part of the Niger Delta.

The company, in disclosing the plan, said the data that would be obtained from the new seismic survey will update the existing 2D coverage.

It revealed in a statement that its joint venture with Green Energy International Limited, GEIL, has signed a contract with Sinopec Changjiang Engineering Services Limited to acquire the data. The seismic acquisition is expected to commence in the first quarter of this year.

Following the completion of the seismic acquisition, the new 3D seismic data will be processed and interpreted, the company added.

Otakikpo field currently has an estimated 56.6 million barrels of gross unrisked 2C contingent resources and an additional 163 million barrels gross of Stock Tank Oil Initially In Place, STOIIP, upside on a P50, unrisked basis, according to Lekoil.

Phase one target production at the Otakikpo field is 10,000 barrels of oil per day, bopd. Phase two field development plan aims to increase steady state production up to approximately 20,000 bopd.

Green Energy International holds 60 per cent stake in a partnership with Lekoil, the technical and financial partners, holding the balance 40 per cent stake.

Mr. Lekan Akinyanmi, Lekoil's

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Sweet Crude REPORTS

In collaboration with The Guardian

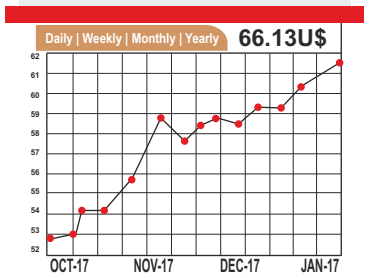
A Review Of The Nigerian Energy Industry

WEEKLY | facebook.com/sweetcrudereports | January 10, 2018 | twitter.com/ eRep | www.sweetcrudereports.com

UPDATES

WEEKLY BASKET PRICE

DEC-22	65.36
DEC-29	63.99
DEC-22	61.84
DEC-15	61.71
DEC-08	60.84
DEC-01	61.35
NOV-24	60.94
NOV-17	60.29
NOV-10	61.66
NOV-03	58.72
OCT-27	56.34
OCT-20	55.72
OCT13	54.41



Oil drilling derrick

ExxonMobil, Shell, Total to cut exploration spending in 2018

• *Combined spend put at $37bn, down 7%*

International oil companies, IOCs, including ExxonMobil, Shell and Total, among others, will cut investment on exploration this year.

A report by consultancy Wood Mackenzie or WoodMac, said the IOCs are not bothered by pressure to replace reserves this 2018, making it the fifth year of consistently cutting down on exploration investments.

Spending will collectively drop by around 4 percent this year, representing a slag in about a tenth of investment in oil and gas production, the report said.

"This could be the new normal, with the days of one dollar in six or seven going to exploration forever in the past," WoodMac said in the report.

It said combined global investment in exploration will stand at about $37 billion in 2018, down 7 percent from 2017 and over 60 percent below that of 2014.

WoodMac analyst, Andrew Latham, had also told Reuters in an interview that the decline in exploration spendings, however, will see a modest increase in drilling activity on well-charted basins, allowing the companies to do more with their money.

"Investment will be down year-on-year but activity will be flat to slightly higher," Latham said.

"Exploration spending (is) to remain low … implying the need for more merger and acquisition" activity, analysts at RBC Capital Markets said.

After spending more than $30 billion on acquisitions in 2017, oil majors are expected to

CONTINUES ON PAGE 02

Start-up Maritime University, commence Ogoni cleanup, IYC urges Buhari

MKPOIKANA UDOMA, Port Harcourt

The Ijaw Youth Council, IYC, Worldwide, has called on President Muhammadu Buhari to ensure that academic activity commenced this year at the Maritime University, Okerenkoko, Delta State.

The Ijaw youth body also urged the Federal Government to commence the cleanup of Ogoniland as recommended by the United Nations Environmental Programme, UNEP, as a template for the cleanup of other oil-polluted areas in the Niger Delta.

Outlining the organisation's expectations for 2018, IYC president, Mr. Eric Omare, called on the government to tackle key infrastructure projects in the region, regretting that there was no meaningful development in the region from the current administration.

Omare called on President Buhari to deliver on his

CONTINUES ON PAGE 04

Nigeria: Oil sector regulators lacking in capacity — Report

IKE AMOS, Abuja

The Nigeria Natural Resource Charter, NNRC, has disclosed that regulatory authorities in the Nigeria petroleum industry lack the requisite capacity to effectively monitor operations of companies in the industry.

This was contained in NNRC's presentation of the summary of findings from the 2017 Benchmarking Exercise Report in Abuja, heralding the actual launch of the report later this month.

The report were presented by Mrs. Tengi George-Ikoli, Programme Coordinator, NNRC, along with its partners from the Centre for Public Policy Alternatives, CPPA; Centre for the Study of the Economies of Africa, CSEA; Centre for Social Justice, CSJ; Civil Society Legislative Advocacy, CISLAC; and Social Action.

According to the report, there are established legal and institutional frameworks for the monitoring of operations of companies during each stage of

CONTINUES ON PAGE 04

OPEC says world oil demand to grow by 1.51 mb/d this year

OPEOLUWANI AKINTAYO

The Organisation of the Petroleum Exporting Countries, OPEC, has revised its world oil demand forecast for 2018 as it now expects demand to grow by 1.51 million barrels. The forecast was published in its December Monthly Oil Market Report, MOMR.

The 1.51 mb/d demand growth projection for the year is a marked increase in OPEC's 1.26 mb/d initial forecast for the year.

This came as Moody's Investors Service said it expects oil prices in the range of $40 to $60 per barrel in 2018, with abundant supplies of US natural gas constraining prices, even while demand goes up.

"Prices will likely remain range-bound, and possibly volatile, on a combination of increasing U.S. shale production, reduced but still significant global supplies, and potential non-compliance with agreed production cuts - especially if demand growth is more tepid," Moody's said.

According to the OPEC Monthly Oil Market Report, the Organisation for Economic Co-operation and Development, OECD, will this year contribute positively to oil demand growth, contributing some 0.28 mb/d to the demand growth, whereas the bulk of the growth will come from non-OECD countries with 1.23 mb/d of potential growth.

Offshore rig

OECD is an intergovernmental economic organisation with 35 member-countries, founded in 1960 to stimulate economic progress and world trade. Its members include countries the United States, France, Australia, Austria, Belgium, Canada, Chile, Korea, Mexico, New Zealand, Spain, Switzerland, Turkey, United Kingdom, Japan, Denmark, Israel, and others.

OPEC had forecasted that global oil demand would grow at around 1.53 mb/d in 2017, with China leading oil demand growth in the non-OECD, followed by Asian country, India, and OECD Americas.

ExxonMobil, Shell, Total to cut exploration spending in 2018

CONTINUED FROM PAGE 01

continue to make bolt-on purchases in areas where they already operate, even though the "upstream M&A window is starting to close," RBC said

According to Latham, the majors will once again be the ones to watch due to stronger balance sheets compared with smaller rivals.

This year, exploration is expected to focus on deepwater basins such as Mexico, Brazil and Guyana, where large discoveries have been made in recent years, he added.

He then listed 2018 world's most-watched exploration wells to include BP and Kosmos Energy in Senegal, Total and Petrobras in Brazil, Exxon in Guyana, Total and Pemex in Mexico and Eni in Cyprus.

In October last year, the top oil companies bided for oil blocks in Brazil's first deepwater oil auction for foreign operators. Shell was awarded half of the blocks during the bid.

Oil firms flare N24bn gas in one month

Gas flaring

Gas

IKE MOS, Abuja

Nigeria lost $76.59 million (about N23.74 billion) in one month, as oil and gas companies operating in the country flared 25.53 billion standard cubic feet, SCF, of gas in the month of September 2017.

According to data released by the Nigerian National Petroleum Corporation, NNPC, in its Monthly Financial and Operations Report for that month, the amount lost to gas flaring in August was 10.44 per cent lower than the $85.53 million, about N26.51 billion lost to gas flare in August, as oil firms flare 28.51 billion SCF of the commodity.

Using an average exchange rate of N310 to a dollar and a natural gas price of $3 per 1,000 SCF as stipulated by the NNPC, flaring 25.53 billion SCF of gas translates to a loss of N23.74 billion.

In addition, the report noted that the country lost $615.69 million, about N190.86 billion to gas flaring between January and September 2017, as the oil and gas companies flare 205.23 billion SCF of gas in the nine-month period.

Giving a breakdown of the quantity of gas flared in the nine-month period, the stated that in the January, February, March, April and May and 2017, oil firms flare 24.77 billion SCF, 20.42 billion SCF, 21.47 billion SCF, 20.5 billion SCF and 21.75 billion SCF of gas respectively.

On the other hand, 19.90 billion SCF, 22.38 billion SCF, 28.51 billion SCF and 25.53 billion SCF of gas was flared in June, July, August and September respectively.

The report further noted that a total of 221.26 billion SCF of gas was supplied in September 2017, out of which 18.74 billion SCF and 12.04 billion SCF was supplied domestically to power firms and industries respectively, while 94.81 billion SCF was exported.

In the export segment, 1.89 billion and 4.65 billion SCF of gas was exported through the West African gas Pipeline and Escravos Gas to Liquid project respectively, while 2.65 billion SCF and 85.63 billion SCF was exported through Natural Gas Liquids/Liquefied Petroleum Gas and the Nigerian Liquefied Natural Gas Limited, NLNG, respectively.

Furthermore, apart from the 25.53 billion SCF of gas flared in September, 59.33 billion SCF and 10.82 billion SCF of gas was re-injected and used as fuel gas respectively, bringing the quantity of non-commercialised gas to 95.68 billion SCF.

Power

Avoid fire outbreak this harmattan, IKEDC advises power consumers

OPEOLUWANI AKINTAYO

The Ikeja Electricity Distribution Company, IKEDC, has given tips on how to avoid fire outbreak, especially during the harmattan season.

The company, through its official Twitter handle, @IkejaElectric, advised that since fire outbreak is a high probability during the harmattan season, electricity consumers should endeavour to avoid starting fires of any sort such as burning of trash.

The company said electrical sparks are very dangerous, adding that anyone that notices a spark, should call a qualified technician to fix the affected point immediately.

It also advised that no electrical appliance should be left on when going out. "Shut off all appliances", the Twitter message said.

Electricity consumers were also advised to ensure fabrics like curtains and bed sheets are far from light sources such as bulbs and bedside lamps.

"Store fuel safely and away from any fire source," it added.

IKEDC also requested electricity consumers to keep a fire extinguisher at home and ensure everyone in the house knows how to use it should any fire outbreak occur.

Lekoil, partner to acquire 3D seismic at Otakikpo marginal field

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chief executive officer, said in the company statement: "Today's announcement demonstrates Lekoil's progress into the next phase of delivery and growth."

"The company expects the phase two development to be fully funded by industry players, which the company is already in discussions with," he added.

Otakikpo marginal field, in Nigeria's OML 11, sits approximately 60 kilometres south-east of Rivers State capital, Port Harcourt.

Discovered by the Shell Petroleum Development Company of Nigeria, SPDC, joint venture in 1980 with the Otakikpo 01 well, no hydrocarbons were, however, found in the first well due to the absence of a reservoir.

The field was appraised by the Otakikpo 02 and Otakikpo 03 appraisal wells, which were drilled in 1981 and 1986 respectively.

The two wells encountered a total of five reservoirs. C5000B, C6000B, C7000B and E1000A were found to be oil-bearing, while C6000B contained gas.

The field's 2C-contingent was found to be holding 56.75 million barrels of oil, with an additional 70 billion cubic feet of gas.

CAVEAT EMPTOR

SALE OF ASSETS OF ADDAX NIGERIA LIMITED

The general public is hereby notified that Jagal Ventures Limited (JVL) is the exclusive Nigerian partner of Sinopec International Petroleum Corporation (SIPC) in Nigeria by virtue of an Agreement between JVL and SIPC dated 8th April, 2001,wherein SIPC appointed JVL as its exclusive Joint Venture Nigeria partner for all oil and gas upstream activities in Nigeria. By virtue of the Joint Venture, SIPC cannot execute or carry out any transaction in the Nigerian oil and gas upstream industry without the express written consent of JVL. Thus the proposed unilateral sale of the shares and or assets of Addax petroleum without the consent of JVL is ultra vires the powers of SIPC.

Further, the acquisition of and ownership of Addax petroleum by SIPC is currently the subject of ongoing litigation before the Federal High Court, Lagos Nigeria in Suit No: FHC/L/CS/1306/15; JAGAL VENTURES LIMITED v. SINOPEC INTERNATIONAL PETROLEUM EXPLORATION AND PRODUCTION CORPORATION & ORS.

Consequently, SIPC lacks the legal capacity to sell, dispose of or otherwise transfer ownership of any of the assets or shares of Addax pending the determination of Suit No: FHC/L/CS/1306/15 pending before the Federal High Court, Lagos. The proposed sale of Addax in Nigeria lis pendens is a calculated attempt to frustrate the pending suit.

Anyone who transacts business with SIPC or any other entity in respect of the shares and or assets of Addax does so at his or her own risk.

The following are specially put on notice:

1. The Nigerian National Petroleum Corporation - NNPC
2. The National Petroleum Investment Management Services - NAPIMS
3. All related Federal Government Agencies including but not limited to the Department of Petroleum Resources - DPR
4. All IOCs
5. All Banks
6. BNP Paribas

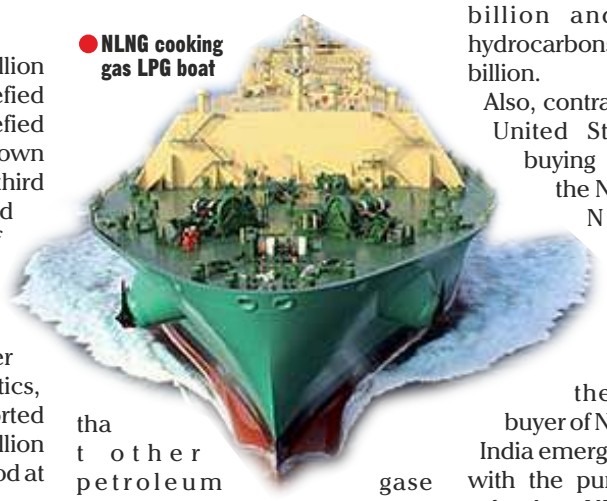
Adeleke Agbola Esq, FCArb,
Cheakley Chambers,
7B Adeniyi Adefioye Street, Surulere, Lagos.

Finance

Nigeria earns N398bn from LNG, cooking gas exports

PRINCEWILL DEMIAN, Abuja

Nigeria earned N397 billion from export of the Liquefied Natural Gas, LNG, and Liquefied Petroleum Gas, LPG, also known as cooking gas, in the third quarter of 2017, data obtained from the National Bureau of Statistics, NBS, has revealed.



NLNG cooking gas LPG boat

The NBS in its Third Quarter 2017 Foreign Trade Statistics, stated that the country exported LNG valued at N386.028 billion while cooking gas export stood at N11.835 billion.

Generally, the report stated that total earnings from gas export in the period under review stood at N483.4 billion, comprising other gaseous components in addition to LNG and LPG.

Specifically, the report disclosed that other petroleum gases export stood at N30.8 billion; Liquefied Propane export also fetched the country N19.113 billion; while the country exported N14.71 billion worth of naphthalene.

In addition, Nigeria exported liquefied butane worth N13.71 billion and other gaseous hydrocarbons valued at N7.199 billion.

Also, contrary to claims that the United States had stopped buying Nigeria's crude oil, the NBS report stated that Nigeria exported crude oil to the US valued at N457.732 billion in the third quarter of 2017, making the country the second highest buyer of Nigeria's crude oil.

India emerged the highest buyer, with the purchase of crude oil valued at N550.88 billion in the period under review; while Nigeria exported crude oil to Spain, Netherlands, France and Indonesia valued at N298.73 billion, N220.52 billion, N178.18 billion and N162.1 billion.

Nigeria: Oil sector regulators lacking in capacity — Report

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the project life cycle.

At the moment, it lamented that the regulatory authorities, especially the Department of Petroleum Resources, DPR, do not have sufficient capacity to verify all the various types of geological, geophysical and technical data periodically reported by the operating companies.

It, however, noted that the responsible institutions should be strengthened to enhance their effectiveness.

The report said: "The law stipulates that a Progress Report be submitted within 21 days after the end of each month through the Director, Petroleum Resources and Director of Geological Survey. Other reports are due every quarter and two months after the end of each calendar year, respectively.

Start-up Maritime University, commence Ogoni cleanup, IYC urges Buhari

CONTINUED FROM PAGE 01

promises to he region, saying that in the past two and a half years, there have been no meaningful achievements by the government with regard to the Niger Delta.

According to him, "With specific reference to the Niger Delta region, we expect the practical kick-off of the Maritime University, Okerenkoko.

"The Federal Government has been going back and forth (on the project). We expect the government to ensure that academic activities in the university kicks off in 2018.

"Secondly, we expect the government to tackle other key projects such as the Ogoni cleanup, as a template to clean up other parts of the Niger Delta, because presently the Ogoni cleanup is a failure, no success has been recorded.

Labour

Okoronkwo's declaration as IPMAN president will address issues plaguing association

The National Secretary of the Independent Petroleum Marketers Association of Nigeria, IPMAN, Alhaji Danladi Pasali, says the recent Appeal Court judgment, declaring Dr. Chinedu Okoronkwo as the authentic president of the association, will address all issues of misconduct and mismanagement plaguing the association and portraying it in bad light.

The declaration by the Appeal Court sitting in Abuja brings an end to years-long bitter fight over the leadership of the organisation.

In the said judgment, Justice Valentine Ashi restrained Chief Obasi Lawson from parading himself as president of the association.

A statement by Pasali said the judgment remained a welcome development for fuel marketers, adding that the Court of Appeal judgment, in re-affirming an earlier judgment by an Abuja High Court in suit No. FCT/HC/CV/1479/2016 delivered on 28th of May, 2014, equally upheld the election of IPMAN National Executive Council, NEC, held on 10th May, 2014.

He said the recognition of Okoronkwo as the substantive national president of IPMAN via the Appeal Court judgment has been communicated to all relevant government agencies.

NPA reiterates commitment to safety and security

The Nigerian Ports Authority, NPA, has reiterated its commitment to ensuring safety and security of lives and property at the nation's seaports, describing them as key priorities in its operations.

The authority made the declaration in the wake of the fire incident at the Tin Can Island Port Complex, TCIPC, on January 2, this year, which affected part of the PTML Terminal and the "national" areas at the port.

In a statement by Isah Suwaid, Assistant General Manager, Corporate and Strategic Communications, NPA enjoined stakeholders, operators and port users to imbibe the tenets of safety and security as required by the International Maritime Organisation, IMO, and other International agencies.

"We assure all and sundry of a safe, secure and customer friendly environment for the ease of doing business at the nation's seaports," it said in the statement.

The authority also charged stakeholders "to continue operations and activities without fear and be vigilant at all times as all necessary machineries have been deployed by the management to contained and subsequently stem further re-occurrence (of the fire)".

Solid Minerals

Dangote's Liberia Cement agreement for review every 5 years

The Investment Incentive Agreement, IIA, under which Dangote Group would be investing $41 million in Liberia's cement industry would be subject to review every five years, the authorities have said.

The approval for investment followed a unanimous passage of the IIA document by Liberia's Senate and the signing of the document by Dangote Cement Liberia Limited.

The $41 million is expected to be invested by Dangote Cement Liberia over the next ten years. The company will also be expected to maintain the roads leading to its terminals. The agreement will however be subject to review once in five years.

"The investor shall make a total of investment of USD$41 million during the first ten years following the effective date. And shall in his best efforts assist the government in the maintenance of roads leading to its port terminal; while within the first five years following the start of commercial operations, the investment shall conduct an assessment for the establishment of cutlets in order counties across Liberia," a statement by the Liberian Senate Committee in charge of he deal said.

Modular refinery

Community

Modular refinery: Delta communities reject environmental assessment report

OSCARLINE ONWUEMENYI, Abuja

Indigenes of Emu-Ebendo and Emu-Iyasele communities in Ndokwa West Local Council of Delta State have rejected the environmental impact assessment, EIA, report allegedly conducted by Omas Pillar Astex Company Limited for a modular refinery in the area, citing irregularities in the report.

The rejection came amid an age-long dispute over the ownership of the Okolori/Ugonefe/Okpotume land involving the communities and their Umuseti-Ogbe neighbours of Kwale. As a matter of fact, a suit in this respect - Chief Ogu Odili and three others from Umuseti-Ogbe versus Sunday Omoghene and nine others, all of Emu-Ebendo and the company - is pending at the Kwale High Court.

A statement obtained by our correspondent and signed by the President General, Emu-Ebendo community, Mr. Friday Osobene, and Chairman, Community Development Association of Emu-Iyesere community, Mr. Jonathan Onotor, described the document as 'unholy and unrealistic'.

The Emu-Ebendo and Emu-Iyesele settlements contended that as owners of the land in question, the contracting firm must acquire the land from them and pay compensation for all that were allegedly destroyed rather than resorting to intimidation through brute force from soldiers to harass them.

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