

**A**s Nigeria continues to look for a solution to the nagging fuel scarcity since December, a new report says the country now imports almost one million tonnes of petrol per month from Europe.

According to shipping data obtained from Reuters, a Suezmax vessel has been booked by a global energy and commodity trading, Vitol - a company founded in Rotterdam

## Nigeria imports almost 1m tonnes petrol monthly from Europe

in 1966 by Henk Viëtor and Jacques Detiger.

The Vitol-booked 115,000-tonne cargo is sailing to West Africa from the Latvian port of Ventspils, according to Reuters' ship tracking and trading sources.

NNPC in December said it had more than doubled its daily

supply to the country's tanker drivers.

The corporation has in recent weeks, relied heavily on companies that hold contracts to swap crude oil for products to step up imports.

Vitol is among 10 pairings of traders and local partners that hold such swap contracts.

The restocking comes as petrol demand in other regions fell during winter, and has helped boost fuel and refining margins in Europe just as the continent's refineries prepare to shut for seasonal maintenance.

The cargo bringing fuel to Nigeria is expected to arrive around February 22, when it will offload

into smaller vessels that can easily sail into Nigeria's ports, which cannot accommodate the unusually large ship.

According to traders, Vitol used another Suezmax vessel, the Star Energy, to move petrol along the same route in

CONTINUES ON PAGE 02

# Sweet Crude

In collaboration with



A Review Of The Nigerian Energy Industry

WEEKLY

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### UPDATES

#### WEEKLY BASKET PRICE

FEB-09	64.38
FEB-02	66.87
JAN-26	67.64
JAN-19	67.21
JAN-12	66.81
JAN-05	65.49
DEC-29	63.99
DEC-22	62.17
DEC-15	61.71
DEC-08	60.84
DEC-01	61.35
NOV-24	60.94
NOV-17	60.29

Daily | Weekly | Monthly | Yearly **62.69US\$**



**Why NNPC should exercise caution over \$5bn oil prepayment loan - NRG**

The Natural Resource Governance Institute, NRG, has urged caution over Nigerian National Petroleum Corporation, NNPC's \$5 billion cash-for-crude prepayment loan.

The institute said if the loan payment is not carefully structured and managed, it could mortgage the country's resource wealth without much productive return.

"It also poses major fiscal risks, especially to how much money the government collects from NNPC," group said in a release obtained by SweetcrudeReports.

In November, news broke that Nigeria's state oil firm is looking to set up a \$3.5-\$5 billion cash-for-crude prepayment with some of the world's top commodity traders to fund oil and gas upstream projects as well as related infrastructure.

According to the report, the drop in oil prices in 2015 had led to billions of dollars in old

CONTINUES ON PAGE 02

## Nigeria's Bonny Light jumps by \$1.58 in January



● Crude oil barrels

OPEOLUWANI AKINTAYO

**D**ata obtained from the Organisation of the Petroleum Exporting Countries, OPEC, have shown that Nigeria's crude grade, Bonny Light, increased by \$1.58 in January.

According to OPEC's Monthly Oil Market Report,

MOMR, for January, the \$1.58 jump represents a 2.5% rise, pegging price at \$64.16/b in the month.

Other crude grades that increased to same price last month included Algeria's Saharan Blend, Es Sider of Libya, Girassol of Angola, Equatorial Guinea's Zafiro and Gabon's Rabi.

The report attributed the increase in price of the light sweet crude basket components from West and North Africa to the closure of the Forties Pipeline System in the North Sea due to a crack, causing their value to jump to nearly \$65 per barrel.

New tenders to buy oil and problems that limited exports

from Libya and the North Sea, also supported the increase in price of the light sweet West African oil.

Medium and heavier grades had less of a boost, but low freight rates underpinned their premiums to Dated Brent, while Latin American OPEC Reference Basket, O R B, components, Venezuelan Merey and Ecuador's Oriente edged up marginally to \$56.04/b and \$59.66/b in December, gaining 18c or 0.3%, and 43c or 0.7%, respectively.

According to the report, tight sour crude supplies in the United States, amid considerably lower imports of heavy sour crudes from OPEC member countries and lower Canadian supplies, continued to support these grades, albeit to a lesser degree this month.

Supported by tighter supplies, OPEC said healthy demand and the uplift in Official Selling Price, OSP, offset the value of multiple-region destination grades, Arab Light, Basrah Light, Iran Heavy and Kuwait Export improved further.

On the average, these grades' values expanded by \$1.40 or 2.3% for the month to stand at \$61.44/b. Market sentiment also remained supported by a widespread between Brent and Dubai, which supports demand for Dubai-linked grades from the Middle East and Russia at the expense of those priced on Dated Brent from the Atlantic Basin.

Similarly, Middle Eastern spot components, Murban and Qatar Marine, saw their values improving slightly by \$1.08, or 1.7% to \$63.84/b and \$1.07, or 1.8%, to \$61.54/b respectively. The Middle East crude market stayed firm on support from robust refining margins which underpinned demand while a North Sea pipeline outage also provided support, according to the report.

On January 17, the ORB stood at \$67.07/b, \$5.01 above the December average, the report added.

## Shale's 10mbpd production threatens OPEC cut deal

The Organisation of the Petroleum Exporting Countries, OPEC's, oil cut agreement with Russia and other allies might be under threat as data from the U.S. Department of Energy, DoE, showed shale's daily oil production above 10 million barrels a day for the first time since 1970.

DoE said U.S. shale production saw a massive

week-on-week jump of 332,000 barrels per day.

The production surge shown in the monthly data is unprecedented. Output rose by almost 850,000 barrels a day between August and November.

As a result, analysts have argued that the development in U.S. might catapult the country to top the world's oil production chart.

The rise in shale production eats

deep into OPEC's market share, likewise offsetting efforts as the group battles to save the oil market from crashing due to low oil price which began in 2015.

OPEC and its partners agreed to cut output of 1.8 million barrels per day, starting from January last year.

The deal has since been

CONTINUES ON PAGE 02



# Senate commends Total on Egina FPSO

OPEOLUWANI AKINTAYO

The Senate Committee on Upstream Oil and Gas has commended Total Upstream Nigeria Limited, TUPNI, on the work put into the making of the Egina Floating Production Storage and Offloading, FPSO, vessel.

The chairman of the committee, Senator Solomon Adeola Olamikan, made the commendation when he led members of the committee on inspection of the facility at the Ladol fabrication yard in Lagos.

Olamikan acknowledged the importance of the multi-billion dollar vessel, adding that such projects boost the relationship between Nigeria, TUPNI and other partners in the oil and gas industry.

"This project is a huge investment coming into Nigeria at this time. And we are proud that



● Egina FPSO

the vessel will remain with us for the next twenty five years.

"We decided to come see it with our own eyes since its arrival into the country few weeks ago, and we can see that it has come to stay.

"We commend Total for

investing such a huge amount of money into Nigeria and we believe the partnership with Nigeria will work," he said.

The senator added that the committee would do its part by "watching" and ensuring that the

joint venture between the company and the Nigerian National Petroleum Corporation, NNPC, produced great dividend for Nigeria.

The Egina EFSO's team was assembled in 2012, while the fabrication of the vessel commenced in 2014.

Egina field development is the largest investment currently on-going in the oil and gas sector in Nigeria.

The project is expected to be completed in the fourth quarter of the year within the initial budget of \$16 billion.

It will add 200,000 barrels per day to Nigeria's oil production, approximately 10 per cent of the country's total oil production.

## Nigeria imports almost 1m tonnes petrol monthly from Europe

CONTINUED FROM PAGE 01

September.

The cargo adds to roughly 1 million tonnes that are already booked to sail for Lagos alone from Europe this month, according to industry monitor, Genscape.

That followed a similar amount imported through same route in January, compared with just under 500,000 tonnes in November, Genscape data showed.

Nigerian imported 700,000 tonnes in October and roughly 800,000 tonnes in November.

Trade sources said nearly 1.7 million tonnes of petrol arrived in West African ports in January from European and Baltic ports.

## Shale's 10mbpd production threatens OPEC cut deal

CONTINUED FROM PAGE 01

extended twice until the end of this year.

Analysts have argued that January's average production rate will almost certainly turn out closer to the 10.25 million barrels a day in the DoE-released data than to the 9.86 million calculated from the weekly data.

The country's production brings it closer to the same level as Saudi Arabia's combined output, itself boosted by condensates not included in headline production numbers, and is closing on Russia's 10.95 million daily barrels.

Both OPEC and the International Energy Agency will publish updated forecasts this week.

## Why NNPC should exercise caution over \$5bn oil prepayment loan - NRG

CONTINUED FROM PAGE 01

debts for Nigeria, forcing NNPC to look for new measures to generate revenue from outside the country.

Major traders such as Glencore, Vitol and Trafigura showed interest, while Standard Chartered was hired to advise on the oil prepayment. A request-for-proposal was issued for a \$3.5-\$5 billion loan to be repaid with 70,000 barrels of crude oil per day over five to seven years, according to Reuters.

Vitol already has a major presence in Nigeria after buying petrol stations via a joint venture with local producer Oando and private equity fund Helios.

Vitol is also among a list of majors traders, including Trafigura, that participate in a swap scheme to deliver refined products in exchange for crude.

According to NRG, lower revenues received by the Federal Government could mean that it is likely that the proposed loans would be repaid at the government's expense—making it likely in turn that the amount of oil going towards repaying debts rather than funding budget priorities will increase even further.

"This risk could be reduced if NNPC paid for loans with its own production (i.e. the production of its subsidiary NPDC)," NRG said.

Furthermore, it said while the deal would provide immediate guaranteed revenue, Nigeria is likely to miss out on the benefits of future increases in oil prices.

On the flip-side, if oil prices decline, NNPC may still be obliged to service the loan at its original terms, thereby pouring limited revenues into repaying the loans. Opacity and politicised agendas could be another barrier, according to NRG.

It argued that oil-backed loans tend to be very opaque, preventing citizens and accountability actors from properly scrutinising the costs, repayment terms and utilisation of the loans.

## Gas

### Angola natural gas legislation underway

Angolan legislation on exploration and production rights for natural gas is "in its final stages," the president's oil secretary, Paulino Jeronimo, has said.

Angola does not currently have any legislation covering the rights of companies to

explore or produce gas.

Jeronimo told reporters on the sidelines of a government event for the energy industry that the gas rights legislation would be passed to the executive arm of government this month.



● Gas handling facility

## Power



### Eko Disco partners Power Africa on technical equipment supplies



● Eko Electric head-office, Marina, Lagos

The Eko Electricity Distribution Company or Eko Disco has partnered with a U.S. government-led initiative, coordinated by the United States Agency for International Development, USAID, and Power Africa on technical equipment supplies.

The technical assistance

partnership is a continuation of Power Africa's cooperation with other electricity distribution companies in the country to double electricity access in sub-Saharan Africa.

The official delivery of the items performed at Eko Disco's corporate headquarters on Marina, Lagos, saw the U.S. company make delivery of some technical equipment

aimed at boosting the logistic and technical foundation of the company.

Speaking during the delivery ceremony, the chairman of the board of Eko Electricity Distribution Company, Mr. Charles Itse Momoh, expressed satisfaction on the positive outcome of the partnership between the two bodies, adding that the choice of Eko Disco as one of the four distribution companies for the Power Africa partnership would go a long way in building a new culture of excellence that has been the focus of the core investors of the company since 2013.

Mr. Momoh also indicated that the partnership has already added much value and produced real dividends.

The equipment supplied will support the attainment of performance-improvement goals of the partnership, according to Power Africa and Eko Disco representatives. Two state-of-the-art Zera Test

Systems are among the equipment provided and are designed to help reduce Aggregate Technical Collection, ATC&C, losses in the company.

Apart from the test systems, other equipment expected to be supplied include 200 DT statistic meters with all accessories - CTs, switchers, boxes etc - to boost metering efficiency and billing accuracy, as well as one bucket truck to boost operational efficiency in an overhead line tracing and fault clearing.



## NDPHC constructs two injection sub-station transformers

OPEOLUWANI AKINTAYO

The Niger Delta Power Holding Company, NDPHC, has commenced the construction of two injection sub-stations in Nassarawa State.

The power transformers - 2x150, 330/132kV and 2x 60MVA, 132/33kV are situated in Akruha, Lafia.

The project is estimated to cost \$18 million, funded by the Federal, State and Local governments and would supply both Lafia and its

environs.

The substation, a 330KV facility, would provide back-feed supply in the Federal Capital Territory in addition to power sources from Geregu and Shiroro plants.

The two 7.5 MVA (330/132) power transformers at the station will add 13MW of electricity to the existing supply to Lafia and its environs. It will supply 15 units of 50KV distribution transformers.

The project, being handled by a German company, AK-AY Elektrik, will be completed before December 31, 2018.



## Finance

## Tullow back into profit

Africa-focused oil and gas producer, Tullow Oil, swung back into profit in 2017 after three years in the red.

The London-listed company is targeting East Africa - Uganda but particularly Kenya - as its next major frontier after developing two large fields in Ghana earlier this decade.

It plans to begin production in Kenya by as early as 2021.

The recovery in oil prices to over \$60 a barrel by the end of 2017, as well as higher production from its flagship West African fields, allowed Tullow to boost revenue and

sharply reduce debt.

That, in turn, helped it to turn its focus to new projects

and exploration for new fields around the world.

Tullow shares were up 0.8 percent last week, compared with a 0.9 percent rise in the sector index.

Tullow, which entered Kenya in 2010 and has more than 48,000 square kilometres of acreage in the country, said after appraisal drilling and well tests that it estimated the land-locked South Lokichar basin contained 560 million barrels in so-called 2C proven and probable oil reserves.

## Labour



## Nigeria-Niger refinery plan, a misplaced priority, says PENGASSAN

MKPOIKANA UDOMA,  
Port Harcourt

The Petroleum and Natural Gas Senior Staff Association of Nigeria, PENGASSAN, has described as insensitive and a misplaced priority the plans by Federal Government to build a refinery at the border of Katsina State and the Republic of Niger.

PENGASSAN regretted that instead of fixing existing refineries in the country to operate optimally, the government was planning to build another refinery in Niger's border and laying pipelines from Niger to the refinery.

Speaking to SweetcrudeReports, the Chairman of PENGASSAN, Port Harcourt Zone, Mr. Azubuike M. Azubuike, who wondered what was Nigeria's interest in the Republic of Niger, lamented that the Federal Government had just recently also announced plans to construct a railway line from Nigeria to Niger.

Azubuike recall that the Kaduna Refining Company was last week shut down over lack of



● Oil refinery and tank farm

crude oil supply, yet the government was not looking into that.

He explained that the plans by the Federal Government was like exporting yams when Nigerians were already dying of hunger and starvation.

According to him, "I think the Federal Government's plan to build a refinery between Nigeria and Niger is the most unthinkable policy of this administration.

"What is Nigeria's interest in Niger? The other time we were talking about constructing a railway to Niger, now we are talking about refinery in Niger's border, whereas some Nigerian communities that would benefit if the refinery was to be built inside the country, are not even considered.

"Why are we going to build a refinery in Niger's border? I think that is insensitive on the part of this administration."

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# Nigerian govt plans Mining Commission to regulate sector

PRINCEWILL DEMIAN,  
with agency reports

The Nigerian government has disclosed plans to establish the Nigerian Mining Commission to take charge of the regulatory role of the Ministry of Mines and Steel Development.

The Minister of Mines and Steel Development, Dr. Kayode Fayemi, disclosed this at the Nigeria Day event at the African Mining Indaba in Cape Town, South Africa, saying the bill to set up the commission was already with the National Assembly.

Fayemi spoke as Nigeria

took the centre stage at the African Mining Indaba, with the formal presentation of its new Airborne Electromagnetic Survey Results amid endorsements for the country's mining sector reforms by mining experts, operators and developmental agencies.

The presentation of the new Airborne Electromagnetic Survey Results, a major high point of the week-long mining conference, was witnessed by renowned stakeholders in global mining, including Deputy Minister of Mines and Minerals of Venezuela, Franklin Araque; Australian

Ambassador to Nigeria, Paul Lehman; Nigerian High Commissioner to South Africa, Ahmed Ibeto; and the Permanent Secretary of the Ministry.

Others include representatives of top mining conglomerates and representatives of mining nations such as Canada, Zambia, Angola, South Africa and Senegal.

The minister said government was determined to strengthen regulation in the sector as well as ensure the improvement of its geological data.

He said the commission, which would be known as the

Nigerian Mining Commission, would not only be the final authority on regulatory matters, but would also take charge of mining leases.



Local mining

Fayemi, in an interactive session with investors and the media after the presentation of the new Nigeria Electromagnetic Survey results, said the delivery of the geological data, was in line with government's desire to ensure bankable geological data, that would be an incentive to investors.

## Freight

# Navy get 1% of NIMASA fund to bolster operations



Nigerian Navy personnel on sea patrol

VINCENT TORITSEJU

The Nigerian Navy will begin to access one percent of the fund accruing to the maritime sector as part of efforts to address some of its funding challenges.

This is contained in the amendment to the Maritime Operations Coordinating Board, an aspect of the Act establishing the Nigeria Maritime Administration and Safety Agency, NIMASA.

The amendment was done by the House of Representatives after the adoption of the report of its Committee on Maritime Safety,

Education and Administration.

The amendment provides for the reconstitution of the maritime coordinating board to include the Nigerian Navy as a member, which would allow it access the one percent of funds accruing to NIMASA.

Summarising the contents of the report before its adoption, Chairman of the Committee, Rep. Mohammed Umar Bago (APC, Niger), said the one percent fund would enhance Navy's capacity to monitor and police Nigeria's maritime sector and protect its integrity.

He said relevant stakeholders

observed that Navy's budgetary allocations were becoming inadequate hence the need to look for other sources of funding for its operations.

Also, Chairman of the House Committee on Navy, Rep. Abdussamad Dasuki (APC, Sokoto), said the amendment was a sign of the commitment of the House, especially the two committees, to ensure better funding for the Nigerian Navy.

He said over the years, the Navy has suffered poor funding, saying out of the over N26 billion allocated for the Navy's capital projects in 2017, only about N15 billion was released.

## Community



# Seplat's CSR programmes bring succour to Imo communities

Seplat Petroleum Development Company Plc, operator of the NNPC/Seplat Joint Venture, has launched the inaugural edition of its 'Eye Can See' and 'Safe Motherhood' Corporate Social Responsibility, CSR, programmes for communities situated in the operational area of its eastern assets in Izombe, Imo State.

The programme was initiated six years ago in Sapele, Delta State, the operational base of the company's western assets.

The CSR programmes' launch witnessed a large turnout of members of the host communities comprising men, women, and children, who came to receive medical care.

For the 'Eye Can See' programme, beneficiaries had

their eyes tested, received prescribed glasses and some had surgeries for cataract-related visual impairments.

The 'Safe Motherhood' programme saw beneficiaries, pregnant women and nursing mothers, receive

lectures on danger signs of pregnancy and nutrition in pregnancy. They were also presented with 'Safe Motherhood' kits made up of a maternity bag, vitamin supplements, treated mosquito nets and all medical items required for safe delivery.

In her remarks at the event, wife of the governor of Imo State, Mrs Nneoma Okorocho, commended



Seplat workers

Seplat for the CSR initiatives which, according to her, has impacted the lives of members of the host communities. She urged

# Shell, govt alone can't resolve Ogoni issue - MOSOP

Mkpoikana Udoma, Port Harcourt

The Movement for the Survival of the Ogoni People, MOSOP, has said resolving the Ogoni conflict will require multi-stakeholder discussions involving Shell Petroleum Development Company, SPDC; the Federal Government and the people of Ogoni.

President of MOSOP, Mr. Legborsi Saro Pyagbara, said this in Boue, Khana Local

Government Area of Rivers State, while addressing a meeting of MOSOP kingdom coordinators.

Pyagbara accused the Federal Government and Shell of deliberately encouraging conflict in Ogoniland by attempting to resume oil production without resolving the issues raised by the Ogoni people.

the company to sustain the programme towards deepening its contribution to the development of Imo State in the health sub-sector.

Mr. Austin Avuru, Chief Executive Officer, Seplat Petroleum Development

Company Plc, while speaking at the event, emphasised that the host communities were critical stakeholders of the company regarding its business, which underscores the need to execute the CSR health programmes.

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