

Abuja -- The Nigerian National Petroleum Corporation, NNPC, spent N139.3 billion on subsidy for petrol, also known as Premium Motor Spirit, PMS, between January and March this year, according to data obtained from the corporation's Monthly Financial and Operations Report.

The report noted that the

NNPC spends N139bn on fuel subsidy in 3 months

amount deducted for subsidy, listed as under-recovery within the three-month period, represented 74.19 per cent of the NNPC's total transfers to the Federation Account of N187.815 billion within the period under review.

Specifically, the report

IKE AMOS

explained that in January 2018, the NNPC incurred N45.783 billion as subsidy for fuel, while for February and March 2018, the NNPC incurred N59.52 billion and N34.03 billion respectively.

In addition to fuel subsidy cost, the report noted that within the

three months, the NNPC recorded N1.243 billion, N2.394 billion, N26.844 billion and N138.426 billion for crude oil losses, petroleum product losses, pipeline repairs and management cost, and joint venture cost recovery respectively.

The report said: "Domestic crude oil and gas receipt in March 2018 amounted to N161.93 billion, consisting of N150.49 billion from domestic crude oil and the sum of N11.44 billion from domestic gas. Out of the naira receipt, the sum of N88.90 billion was transferred to Joint Venture Cash Call (JVCC) being a first

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Sweet Crude REPORTS

In collaboration with

The Guardian
Conscience, Nurtured by Truth

A Review Of The Nigerian Energy Industry

WEEKLY

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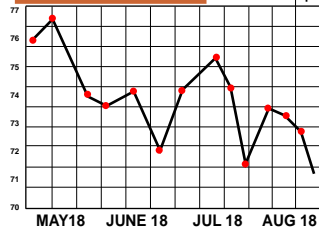
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UPDATES

WEEKLY BASKET PRICE

AUG -17	70.36
AUG -10	71.88
AUG -03	72.59
JUL -27	72.81
JUL -20	70.95
JUL -13	74.05
JUL -06	75.13
JUN -29	73.94
JUN -22	71.60
JUN -15	73.60
JUN -08	73.45
JUN -01	73.88
MAY-25	76.26

Daily | Weekly | Monthly | Yearly **70.27 US\$**



● A collage of oil production activities - crude oil production platform, rig workers and a welder.

OPEC reports drop in demand for its crude

Demand for crude oil grades from members of the Organization of the Petroleum Exporting Countries, OPEC, has fallen this year.

Latest figures by OPEC in its August 2018 Monthly Oil Market Report, MOMR, revised demand for OPEC-15 crude down by 0.1 million barrels per day, mb/d, from the previous month to stand at around 32.9 mb/d.

The group's second quarter and third quarter crude calls were revised down by 0.2 mb/d each and the fourth quarter by 0.1 mb/d.

According to secondary sources, as stated in the report, OPEC crude oil production averaged 32.4 mb/d in the first quarter of this year, which is 0.1 mb/d higher than the demand for OPEC crude.

In the second quarter, OPEC-15 crude production stood at 32.2 mb/d - 0.2 mb/d lower than the demand for OPEC crude, the report indicated.

PIGB: Stakeholders demand implementation timeline

OPEOLUWANI AKINTAYO

Lagos -- The Federal Government has been urged to set a definite timeline for the commencement of the

implementation of the Petroleum Industry Governance Bill, PIGB, once President Muhammadu Buhari signs it into law. A panel of energy experts expressed fears that unless the PIGB was protected with a

timeline, passing it into law in an election year, 2019, could lead to unnecessary delays in its implementation, especially if the current administration fails to get re-elected to execute the law.

The panellists, who spoke at the annual conference of the the Association of Energy Correspondents of Nigeria in Lagos, noted that Nigerians had, over the years, not benefited much from the oil and gas industry due to lack of accountability and transparency.

But, they assured that with the coming of the PIGB, which separates the regulatory and commercial functions from the existing Nigerian National Petroleum Corporation, NNPC; Department of Petroleum Resources, DPR; and Federal Ministry of Petroleum Resources, the country would gain more from the industry.

For instance, they said, the PIGB would end the regime of

Baru wants proposed Petroleum Asset Management Company structured as agency

The Group Managing Director of the Nigerian National Petroleum Corporation, NNPC, Dr. Maikanti Baru, has called for a restructuring of the proposed Nigerian Petroleum Asset Management Company, NPAMC, in the Petroleum Industry Governance Bill, PIGB.

According to him, the NPAMC should be structured in form of

an agency rather than a company as proposed in the PIGB.

This is the kernel of Dr. Baru's presentation at the 2018 conference of the Association of Energy Correspondents of Nigeria in Lagos.

He said that NPAMC should be structured as an agency in consideration of its limited role in



● Dr. Baru

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Saudi Arabia, Venezuela lead OPEC oil rig count in July

Vienna -- Saudi Arabia led the other member-nations of the Organization of the Petroleum Exporting Countries, OPEC, in terms of number of oil rigs operating in the country.

Statistics obtained by SweetcrudeReports from OPEC's Monthly Oil Market Report, MOMR, for August showed that the OPEC power house had 148 rigs operating in its oil fields in July, followed by Venezuela with 70.

Among other OPEC members, Iran boasted of 61; Iraq, 59; United Arab Emirates, 55;

Kuwait, 50; Algeria, 45; and Nigeria, 35.

Qatar had nine oil rigs operating in its oil fields during the month under review, Ecuador had eight, Libya, 5; Angola and Gabon, 4 each; and Equatorial Guinea, 2.

The OPEC's Monthly Oil Market Report showed that Nigeria's oil rigs rose from 32 in June to 35 in July.

Before the gain, Nigeria's oil rigs had remained static at 32 since the first quarter of the year.

In 2015, the country had recorded 30 oil rig counts. Then in 2016, it decreased to 25, and later

● Oil rig

28 in early 2017.

It again dropped to 27 in the third quarter 2017, and then rose to 28 at the fourth quarter of that year from which it had remained static at 32 till the July figure.



PIGB: Stakeholders demand implementation timeline

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political interferences and abuses of previous years in the NNPC, just as they expressed the optimism that the new law would assist unlock dormant potential in the petroleum industry to deliver improved dividend to Nigerians.

The panellists comprised the President, Petroleum Club, Dr. Godswill Ihetu; Team Leader of FOSTER, Mr. Henry Adigun; and a lawyer, Dr. Adeoye Adefulu. The three urged Nigerians to embrace the PIGB as its implementation would give the petroleum industry strong commercial and regulatory institutions that were currently absent, and which absence had been stifling efforts to attract sufficient private sector investments.

Ihetu, in his contribution, lauded the National Assembly for the timely delivery of PIGB for assent by President Buhari, but, noted how the 7th National Assembly (2011-2015) had thought they had worked out a successful PIB Act for the country only for the 8th Assembly to jettison it and the process restarted with an attendant loss of billions of dollars to the industry.

"Nigerians have to persuade the Federal Government to act on the PIGB as we are going into an election year. There must be an acceleration for the assent by President Buhari so that we don't lose more money," he said.

On his part, Adefulu acknowledged that the PIGB was coming at a time that there was more dissipation of energy on the 2019 election and that this could pose a problem for its implementation.

"We have to stay optimistic because this is the first time that the PIB has gotten to the president. Nigerians have to put the pressure to ensure that President Buhari signs it into law," he stated.

"And to prevent any further delay if the current government doesn't return in 2019, there must be a commencement date inserted to say irrespective of who is the President of Nigeria, the bill must start running on such a date," he added. Adefulu also faulted the previous laws governing operations in the oil and gas industry, saying they they created "so much room for abuses by giving unrestrained powers to the Minister of Petroleum Resources to grant oil prospecting licences to investors without provisions for checks and balances even by the DPR".

In his contribution, Mr. Adigun decried the continuous payment of subsidies by the Federal Government for fuel and expressed happiness that that the PIGB had made provisions for the abolition of fuel subsidies, which, according to him, has been starving the government of funds to develop other critical sectors like transport, health and education.

NNPC spends N139bn on fuel subsidy in 3 months

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line charge and to guarantee continuous flow of revenue stream to Federation Account.

"NNPC transferred the sum of N73.01 billion into Federation Account for the month under review. From March 2017 to March

2018, Federation, JV and FG, for debt repayment, received the sum N851.65 billion, N672.02 billion and N6.33 billion respectively."

The report also declared that the NNPC made remittances to the Federation Account from its export of crude oil and gas, stating that between January and March 2018, the corporation remitted \$363.154 million to the Federation Account, after deducting \$1.057 billion for joint venture cost recovery from its total crude oil and gas sales proceeds of \$1.421 billion in the period under review.

In addition, the report stated that the NNPC recorded total export sale of \$329.41 million in March, 2018, noting that this was 48.25 per cent lower than the previous month's figure.



● NLNG plant Finima

Govt makes fiscal changes in support of NLNG

SAM IKEOTUONYE

Lagos -- The Minister of Finance, Mrs Kemi Adeosun, says the Federal Government has made fiscal changes to enhance the competitive position of the Nigerian Liquefied Natural Gas, NLNG.

Adeosun, who spoke during a visit to the NLNG plant in Finima, Bonny Local Government Area of Rivers State, said the government did this by removing the disparity in VAT in tax treatment between imported and local Liquefied Petroleum

Gas, LPG.

Announcing the development, the minister said: "That (fiscal changes) will give an additional market share to NLNG-produced LPG, and, of course, it is a major objective that the management has campaigned for and the Federal Executive Council has approved it".

"So, we expect greater market share to the NLNG; of course, that has knock-on effects, it stops people from using firewood to cook, it stops deforestation.

"It has a lot of environmental benefits as well as more revenue

to the NLNG," she added.

Adeosun said she was in Bonny to inspect the NLNG facility that had been generating huge revenue in taxes and dividends to the government and described the facility as impressive and a modern hi-tech plant.

She said: "We saw the old Trains 1 to 6, and the space for the incoming Train-7 which has the potential of creating 10,000 jobs in the next nine months.

"The jobs to be created will be sustainable for the next five to six years and this is extremely exciting because the multiplier effects will be huge."

She also described the trip to the plant as very revealing, adding that more people would build houses and land value would go up.

Mr. Tony Attah, the Managing Director and Chief Executive Officer of NLNG, commended the minister for visiting the plant. Attah said that the NLNG model was working effectively as the organisation had been positioned as a global brand.

Power



Fashola to commission new Wudil substation, 60MVA transformer in Akure

MICHAEL JAMES

Lagos -- The Transmission Company of Nigeria, TCN, has successfully completed a 30/40MVA 132/33kV transmission substation project in Wudil, Kano State, and a 60MVA 132/33kV power transformer in Akure, Ondo State.

The transformer and substation project would be officially commissioned by Minister of Power, Works and Housing, Mr. Babatunde Raji Fashola.

According to the General

Manager, Public Affairs, Mrs. Ndidi Mbah, the contract for construction of Wudil 30/40MVA 330/33kV transmission substation was awarded in 2009 but the contractor failed to complete the contract for nine years.

Consequently, TCN took over the project within the first week of July, 2018 in line with its Transmission Rehabilitation and Expansion Programme, TREP, aimed at strengthening the grid for improved power supply.

She explained that the project was successfully completed

within three weeks by TCN's in-house engineers and energised in July 31, 2018.

According to her, the Wudil Transmission Substation project has increased the quantum of bulk electricity supply to Kano Electricity Distribution Company for onward delivery to electricity customers in Gaya Town, Taraki Garko, Wudil Town and Mariri, among others.

Also, the installation of one new 60MVA 132/33kV power transformer and two 33kV feeder bays in Akure Transmission



● Fashola

Substation, funded by the World Bank, that commenced in February 2017, was completed and also energised in July, 2018.

Eko Disco urges customers to embrace electronic payment

OPEOLUWANI AKINTAYO

Lagos -- Eko Electricity Distribution Company Plc, EKEDC, has urged customers to embrace modern electronic payment for electricity consumption, as it works towards eliminating cash payment.

Mr. Joseph Esenwa, the company's Chief Financial Officer, disclosed this in Lagos, saying the effort was to reduce payment queues at some of the EKEDC offices.

He said that embracing the electronic payment option would make customers enjoy conveniences.

Esenwa enjoined customers to take advantage of new multiple payment channels being provided by the company to ensure convenient and seamless payments and purchase of tokens.

He explained that the new payment options were designed to offer all customers security, greater convenience, and choice, and also intended to make the payment process more efficient.

According to Esenwa, the company is working towards stopping receiving cash payment in its offices because it has provided many robust options for customers to pay electricity bills.

"There is really no need to come to the office for payment. Customers will save themselves from the

inconvenience of being defrauded if they always make payments through our approved channels and collect their receipts

"By expanding our payment platforms, customers can now make payments and purchase tokens seamlessly by using scratch card vouchers. These are sold by vendors and agents across its networks.

"An example is Quick teller which can be accessed on mobile devices and through internet banking on online banking portals. We are committed to providing our customers with the greatest level of customer service and introducing these multiple secure and convenient payment



● e-payment

channel is yet another aspect of our service offering," he said.



● Islamic Development Bank, IsDB, Group, Jeddah, Saudi Arabia

Baru wants proposed Petroleum Asset Management Company structured as agency

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the administration of production sharing contract assets as similar institutions across the world were structured as agencies, one example being Petoro in Norway.

Speaking on the PIGB, the NNPC boss, who was represented at the conference by Mr. Roland Ewubare, the Group General Manager, Nigerian Petroleum Investment Management Services, NAPIMS, said it focused on key governing institutions in Nigeria's oil and gas industry and also aimed at separating the regulatory, policy and commercial roles of public sector agencies.

Baru said it also allocated respective roles to agency properly positioned to perform them and that it was important to adequately clarify the funding pattern for the NPAMC and the Liability Management Company, NPLMC.

The NNPC boss said the national oil company had historically experienced frequent board and management leadership changes which had impacted on its performance.

He noted that though the PIGB defined tenure for its non-executive directors, there were currently no provisions that would help to ensure stable tenure for the executive directors and insulate them from the changing dynamics of politics as far as possible.

Finance

FII, ITFC to develop sovereign energy trade finance portfolio

Houston, Texas -- Federated Investors Inc., one of the largest investment managers in the United States, and the International Islamic Trade Finance Corporation, ITFC, member of the Islamic Development Bank, IsDB, Group, have agreed to launch a sovereign energy trade-finance portfolio.

The ITFC Sovereign Energy Fund, ISEF, will be sponsored and managed by ITFC with strategic input from Federated Investors (UK) LLP. The portfolio will be a private offering available to ITFC's qualified investors across the Member Countries of the Organization of Islamic Cooperation, OIC, and ITFC's global partners.

It will invest primarily in energy-related trade finance, structured trade, export/import finance, supply chain financing and project finance assets of sovereign entities across the energy value chain in OIC member countries. ISEF aims to raise U.S. \$300 million for its first close.

Federated and ITFC have worked together on a broad array of Islamic trade-finance transactions since

2014. This joint initiative to create a new sovereign energy portfolio is tied to the belief that as the worldwide demand for

energy continues to grow, a pool of trade-finance transactions can consistently deliver the alpha that investors seek.

Solid Minerals



China produces 81.24m tonnes of crude steel in July

Beijing -- Mills in China, the world's top steel producer, churned out 81.24 million tonnes of crude steel last month, up 1.3 percent from June and 7.2 percent from the same month last year, data from the National Bureau of Statistics have shown.

The July figure showed that China's steel output rose in a fourth straight monthly record as mills ran full tilt to cash in on strong profit margins, despite anti-smog measures imposed by local governments.

"The reason we didn't see declines in steel output amid the environmental crackdown is that steel mills have

improved their production efficiency by using higher grades of iron ore and adding more scrap steel to churn out more products," said Wang Yilin, an analyst at Sinosteel Futures.

Daily average output fell 2 percent from June to 2.62 million tonnes in July, according to Reuters calculations based on the official data. July has one more day than June.

Year-to-date output to end-July grew 6.3 percent compared with the previous year to 532.85 million tonnes.

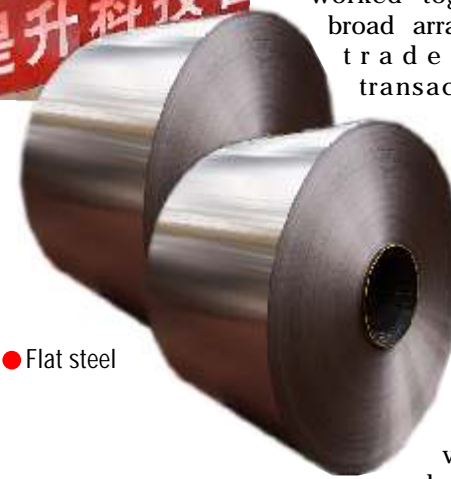
Profit margins at Chinese steel mills touched around 1,100

yuan (\$159.59) a tonne, near the record levels of last December, according to analysts from Huatai Futures.

The margins are supported by strong demand from downstream users and ongoing supply-side reform, as well as environmental measures that have helped to eliminate low-cost producers from the market, the Huatai analysts said.



● Steel production



● Flat steel



Floating dockyard to save Nigeria N36bn annually - NIMASA

MICHAEL JAMES

Lagos -- The Nigerian Maritime Administration and Safety Agency, NIMASA, owned multimillion dollar floating dockyard, which arrived the country recently, will the country millions of dollars in capital flight once operational.

NIMASA's director general, Dr. Dakuku Peterside, who made this known during an interactive session with journalists in Lagos, said the floating dockyard, which would be operated on a public private partnership model, will be located at a Nigerian Navy facility.

He said the dockyard would

commence operations immediately after its commissioning by President Muhammadu Buhari, adding that when fully operational, Nigerian shipowners and their foreign counterparts would no longer need to take their vessels outside the country for dry-docking.

According to him, "Nigeria loses up to \$100 million annually simply because when our shipowners need to dry-dock their vessels, they mostly take them to neighbouring countries like Ghana and Cameroon, thus spending avoidable forex.

"When this facility is fully operational, it has the capacity to

● Floating dock yard



dry-dock any vessel in-country and save the much needed foreign exchange".

The NIMASA director general noted that the facility would be operated in conjunction with the builders as technical partners. He also assured that it would create thousands of jobs for Nigerian

youths as well as provide training opportunities for seafarers, adding that it would also be available as a training facility for students of the Nigerian Maritime University, Okerenkoko and other maritime institutions in the country.

"We are planning to ensure that

the permanent location of this facility would benefit our students for training and we have also engaged the builders to manage the facility for a one year period at a naval facility while further arrangements are being worked out", he said.



● OML 11

MKPOIKANA UDOMA

Port Harcourt -- The Movement for the Survival of the Ogoni People, MOSOP, has condemned Federal

Government's alleged renewal of OML11, Ogoni oilfield, license for the Shell Petroleum Development Company, SPDC.

MOSOP condemns govt's alleged renewal of OML11 license for Shell

Also, MOSOP described SPDC's choice to renew its mining rights in OML11 as a shock and an insult on the collective dignity of the Ogoni people.

Publicity Secretary of MOSOP, Mr. Fegalo Nsuke, told our correspondent that the conduct of Shell in Ogoni was a shame and urged President Muhammadu Buhari to demonstrate his

administration's intolerance for corporate irresponsibility by throwing out Shell from Ogoni and getting the company to pay for the well-established abuses in Ogoniland.

Nsuke alleged that Shell had prosecuted an ecological war against Ogoni people for over 50 years, sponsored soldiers to abuse and trample on the rights of the people, refused to clean-up the lands polluted by its

irresponsible business practices and, therefore, does not deserve to return to Ogoniland for oil mining.

"The news of President Muhammadu Buhari's approval of Shell's mining lease for OML 11 smacks of insensitivity to the Ogoni predicament and confirms the intent of government to resume oil production in the area without first cleaning previous mess and addressing the issues raised by the Ogoni people, including the demand for political rights to self determination, the protection of the Ogoni environment and other demands as contained in the Ogoni Bill of Rights.

"It is very disturbing that despite the danger faced by the Ogoni people, consequential of Shell's irresponsible business practices, the Nigerian authorities will still approve a request by Shell to run the Ogoni oilfields.

"Shell on the other hand should have been ashamed of her conduct in Ogoniland and not request a renewal of its license for the Ogoni area. In over 50 years of doing business in Ogoniland, Shell has killed the environment and the people and lacks the moral grounds to return to Ogoniland," MOSOP said.

Ogoni clean-up: ERA urges govt to disband HYPREP

MKPOIKANA UDOMA

Port Harcourt -- The Environmental Rights Action/Friends of the Earth Nigeria, ERA, has called on the Federal Government to disband the Hydrocarbon Pollution Remediation Project, HYPREP, to pave the way for the clean-up of Ogoniland.

HYPREP is the body established by the Federal Government to initiate and restore all hydrocarbon-impacted communities and sites in line with the recommendations of the report of the United Nations Environment Programme, UNEP, on environmental restoration of Ogoniland.

The environmental rights group said its call was imperative as HYPREP did not have the capacity to drive the cleanup of Ogoni, hence the delay in the commencement of the exercise since it was flagged off in 2016.

The Executive Director of ERA,

Dr. Godwin Uyi Ojo, charged the Federal Government to constitute Ogoni Environmental Restoration Authority to manage the process as recommended by UNEP.

Ojo, who spoke in Port Harcourt at a two-day Media Training and Toxic Tour of Ogoniland, also accused the Federal Government of not following the recommendations of the UNEP report on Ogoniland.

He explained that the current administration does not have the political will to commence the cleanup of Ogoniland, pointing out that the use of HYPREP as against the recommendation of UNEP was already a deviation.

According to him, "Ogoni Environmental Restoration Authority should be constituted to implement the project and not HYPREP. We lack confidence in HYPREP



to carry out the process.

"HYPREP cannot do the project because they lack the machinery and they do not have the capacity to drive it. But, Ogoni Environmental

Restoration Authority working hand in hand with the National Oil Spill Detection and Remediation Agency, UNEP and other technical partners Ogoni will be cleaned.

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