Nigeria loses two oil rigs in July, August

OPEOLUWANI AKINTAYO

Lagos -- Nigeria lost two oil rigs between the month of July and August, this year, information from the Organization of the Petroleum Exporting Countries, OPEC, has shown.

The number of oil rigs working in Nigeria grew to 35 earlier this year, but, the latest edition of OPEC's Monthly Oil Market Report, MOMR, showed that between July and August, the number fell to 33.

Nigeria had 25 oil rigs working in 2016, 28 in early part of 2017, dropping to 27 in the third quarter of the year.

By the fourth quarter of that year, it rose to 28, rising again to 32 by the second quarter of this year and then 35 by July before sliding to 33 in August.

The rig count for the entire OPEC members rose by 9 to 563 between July and August as against 554 recorded in June and July.

Overall, world rig count increased by 27 to 2,360 in August, from 2,333 in July.

The crash in oil prices to below $30 per barrel which started in late 2014, had led to low investments in the oil sector, including investment in drilling of new oil wells and engagement of oil rigs as oil companies had to cut down costs.

However, the rise in oil prices to $80 per barrels earlier in the year and the steady disappearance of oil glut have boosted investors' confidence in the market, leading to gradual return of investments.

For Nigeria, an oil-dependent economy, the loss of two oil rigs means a drop in oil exploration and development, and by extension a loss of potential oil revenue.

In April, the International Monetary Fund, IMF, in its World Economic Outlook,

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SweetCrude REPORTS

In collaboration with TheGuardian
Conscience, Nurtured by Truth

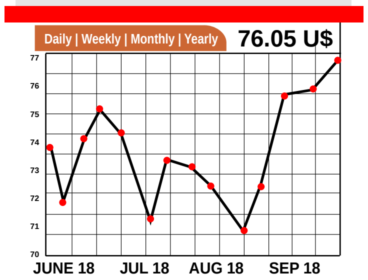
A Review Of The Nigerian Energy Industry

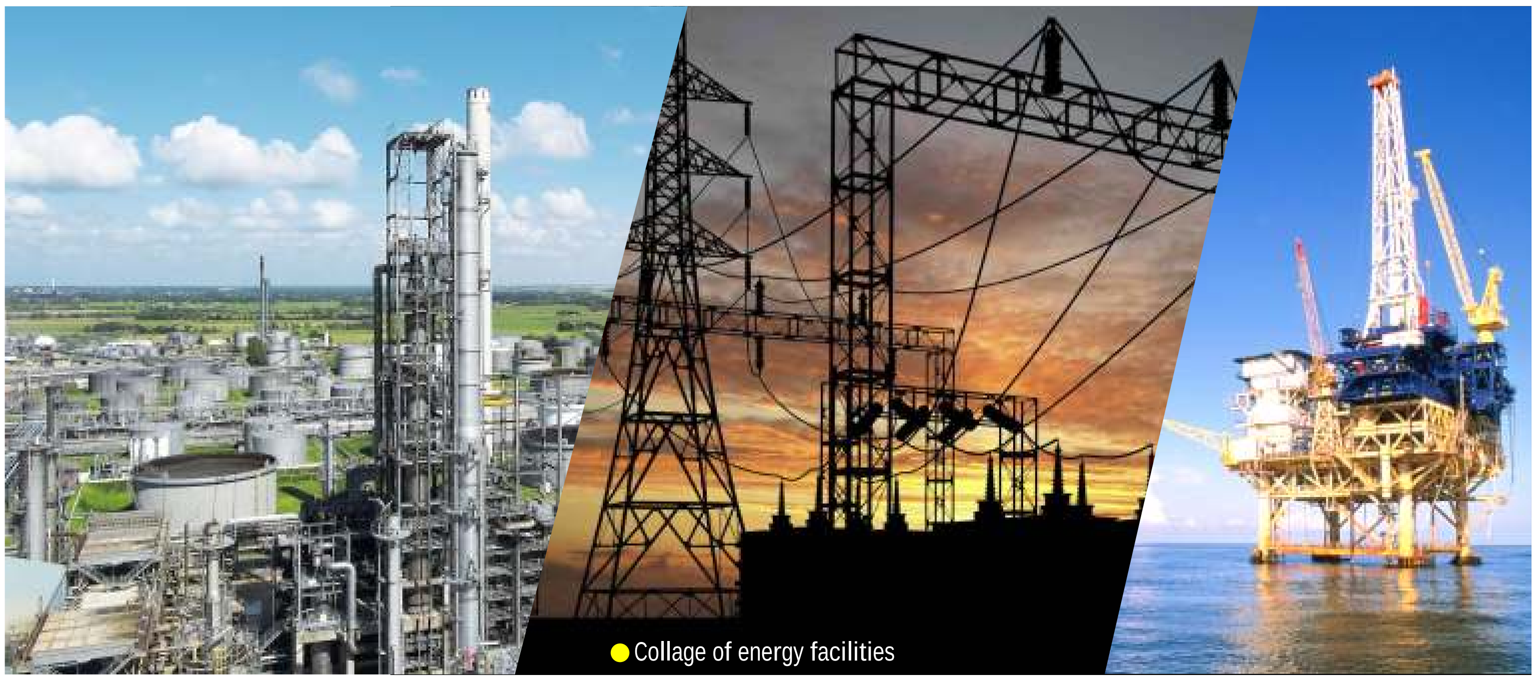
WEEKLY facebook.com/sweetcrudereports September 19, 2018 twitter.com/sweetcrudeRep www.sweetcrudereports.com

UPDATES

WEEKLY BASKET PRICE

SEP -13	76.18
SEP -07	75.19
AUG -31	74.76
AUG -24	72.09
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





Collage of energy facilities

Energy firms owe Nigerian banks N5.5 trillion

IKE AMOS

Abuja -- The exposure of energy firms, comprising oil and gas as well as power companies, to the banking industry dropped slightly to N5.492 trillion by the end of 2017, according to data released by the Central Bank of Nigeria, CBN.

The CBN, in its 2017 annual report, disclosed that the energy sector's exposure to the banking sector dipped by 1.61 per cent from N5.582 trillion recorded at the end of 2016.

According to the report, the energy sector accounted for 34.89 per cent of the banking sector's total loans to the Nigerian economy in the year under review, compared to 34.63 per cent of the total loans to the industry in 2016.

Specifically, the report noted that the banking sector's cumulative loan to the economy dropped by 2.33 per cent from N16.117 trillion in 2016 to N15.741 trillion in 2017.

Giving a breakdown of energy firm's exposure to banks, the report stated that the cumulative indebtedness of oil and gas firms in the downstream sector of the petroleum industry, comprising natural gas and crude oil refining companies to Nigerian banks stood at N3.576 trillion in 2017, dropping slightly by 0.30 per cent from N3.588 trillion recorded in 2016.

The report further revealed that the cumulative exposure of upstream oil and gas companies and oil services companies declined by 8.4 per cent to N1.161 trillion in 2017, from N1.268 trillion recorded in 2016.

On the other hand, the CBN also stated that Independent Power Plants, IPP, and power generating companies' exposure to deposit money banks rose by 5.0 per cent from N432.3 billion in 2016 to N453.9 billion in the year under review.

The CBN report added that the cumulative indebtedness of power transmission and distribution companies to banks also appreciated by 2.4 per cent to N301.1 billion, from N294 billion recorded in 2016.

Ogoni cleanup: Submission of technical, financial proposals to end Sept 24

MKPOIKANA UDOMA

Port Harcourt -- The Federal Government says the submission of technical proposals and financial bid documents by pre-qualified companies for Ogoni cleanup will end by September 24, 2018.

The government had last week announced the pre qualification of 183 firms for the exercise.

Minister of States for Environment, Mr. Ibrahim Jibril, who disclosed this, said out of over 400 firms that applied for contract to cleanup the oil-impacted sites in Ogoniland, only 183 companies are pre-qualified for the next round of selection, which is the technical and financial bids.

Jibril spoke in in Port Harcourt during a pre-contract meeting for the pre-qualified companies to demonstrate their abilities, organised by the Hydrocarbon Pollution Remediation Project, HYPREP.

"The stage we are now is part of

CONTINUES ON PAGE 03

Oil marketers yet to resume PMS import, two years after

Abuja -- Two years after, major and independent petroleum products marketers in the country are yet to resume the importation of Premium Motor Spirit, PMS,, leaving the Nigerian National Petroleum Corporation, NNPC, as the sole importer of the commodity for consumption by Nigerians.

According to documents obtained from the regulator of the downstream petroleum industry, the Petroleum Products Pricing and Regulatory Agency, PPPRA, only the NNPC currently has vessels waiting to berth or discharging PMS at jetties across the country, as well as stocks of the commodity both in its land and offshore storage facilities.

Despite being the only importer of the commodity, the PPPRA disclosed that the NNPC, as at August 9, 2018, had 30.31 days of PMS sufficiency, comprising 16.06 days of land-based storage and 14.25 days of products in marine storage.

Specifically, the NNPC's land-based stock for PMS stood at 722.707 million litres while the

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OPEC sitting on 2.7 mb/d spare production, says IEA

... 60% in Saudi Arabia

OPEOLUWANI AKINTAYO

Lagos -- The International Energy Agency, IEA, has said members of the Organization of the Petroleum Exporting Countries, OPEC, are sitting on about 2.7 million barrels per day, mb/d, of spare production capacity, and that 60% of this is in Saudi Arabia.

"Based on our August estimates of production, OPEC countries are sitting on about 2.7 mb/d of spare production capacity, 60% of which is in Saudi Arabia," the IEA said in its recent-released Oil Market Report, OMR.

But, it stated that the point about spare capacity was that, having been idle, it was unclear exactly how much, beyond what is widely thought to be "easy" to bring online, will be available to coincide with further falls in Venezuelan exports and a maximisation of Iranian sanctions.

Said the IEA: "It is not just a question of volume; refiners used to processing Venezuelan or Iranian crude will compete to find similar quality barrels to maintain optimal refinery operations. Alternative supplies of lighter crude might not be ideal for this reason. Even before we factor in any further fall in exports from Venezuela or Iran, record global refinery runs are expected to result in a crude stock draw of 0.5 mb/d in 4Q18. Any draw will be from a basis of relative tightness: in the OECD, stocks at end-July were 50 million barrels below the five-year average".

"If we are looking for additional barrels from elsewhere to help compensate for further export declines from Venezuela and Iran, the picture is mixed. Brazil was supposed to be one of the big production success stories of 2018, but various problems have stymied growth to the extent that output will rise by only 30 kb/d this year versus a first estimate of 260 kb/d".

On the upside, the report said the United States continues to show outstanding performance with total liquids output expected to grow by 1.7 mb/d this year and another 1.2 mb/d in 2019.

Nigeria loses two oil rigs in July, August

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WEO, report, warned Nigeria and other oil-dependent countries of another possible crash of oil prices in the near future.

The Fund projected a 1.9 percent economic growth for Nigeria in 2019, adding that the country's economy will grow from 0.8 percent in 2017 to 2.1 percent by the end 2018.

IMF's forecast of another crash in oil prices may as well be true especially with rising output from US shale oil producers.

OPEC's MOMR for September said there was an unexpected 6.8 million barrels increase in US crude stocks during the second week of August and a recovery in Libyan crude production to over one million barrels per day, mbd - up from 700,000 barrels per day, b/d, in July. The rise in crude inventories was driven by a combination of higher imports and a 100,000b/d increase in US crude production to 10.9 mbd, supported by shale drilling.

Oil marketers yet to resume PMS import, two years after

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marine-based stock of the commodity stood at 641.071 million litres, bringing the total stock of the commodity to 1.364 billion litres.

In addition, total stock of Household Kerosene, HHK, stood at 175.85 million litres, translating to 1.07 days sufficiency; Automotive Gasoline Oil, AGO, sufficiency stood at 425.68 million litres, translating to 1.07 days; while Aviation Turbine Kerosene, ATK; Low Pour Fuel Oil, LPFO; and base oil sufficiency stood at 36.38 million litres, 82.24 million litres and 36.38 million litres, representing 31.73 days, 54.83 days and 24.25 days respectively.

The PPPRA put the national average daily consumption of PMS at 45 million litres per day; while it put daily AGO, HHK and ATK consumption at nine million litres, eight million litres and 1.5 million litres respectively.

Giving a breakdown of PMS sufficiency as it concerns the NNPC and other oil marketers, the PPPRA report stated that, as at August 9, 2018, the NNPC, major marketers and the Depot and Petroleum Products Marketers Association, DAPPMA, had 869.69 million litres, 2.0 million litres and 5.12 million litres of PMS in its land-based storage and jetty stock, representing 101 per cent, zero per cent and -1 per cent sufficiency level.

For marine offshore stock, the report disclosed that the NNPC had 501.21 million litres of PMS, representing 100 percent the total, while major marketers and DAPPMA had none.

In total, the report said the NNPC's combined land and offshore stock stood at 1.371 billion, while major marketers and DAPPMA recorded 2.0 million litres and 5.12 million litres of the commodity respectively, as at August 9, 2018.

Gas

Port of Tema

Ghana LNG project to see $200m in-country spend

Accra -- Ghana's first liquefied natural gas, LNG, import facility in Tema is estimated to cost over $350 million, of which $200 million would be spent directly in Ghana over the next 18 months.

According to a statement by the Ghanaian government, two Chinese companies have been selected to handle the construction of the facility.

Tema LNG Terminal, controlled by private equity firm Helios Investment, signed deals with China Harbour Engineering Company to build onshore facilities and Jiangnan Shipyard for a floating regasification unit, FRU.

The construction of the LNG terminal comes on the heels of a 12-year LNG supply agreement that was signed by the Ghana National Petroleum Corporation, GNPC, and Russia's Rosneft, the statement said.

The facility would be able to supply about 30 percent of Ghana's total electricity generating capacity, displacing crude oil and crude derivatives as fuel sources for the generation of power, it said.

The construction of the LNG terminal is expected to be completed in 18 months.

Electric substation

Power

Ibadan Electric attributes poor power supply to shortfall in allocation

Lagos -- The Ibadan Electricity Distribution Company, IBEDC, has attributed the poor power supply being experienced in some parts of Ogun State and environs to a shortfall in energy allocation from the national grid.

Mrs. Angela Olanrewaju, Head, Branding and Corporate Communications of IBEDC, disclosed this in a statement issued in Ibadan and made available to newsmen.

Olanrewaju said the statement became necessary against the background of some publication misleading the public on allegations that the company deliberately refused to supply power to some areas in Ogun State.

According to her, "Our attention was drawn to a report tagged 'Pain of IBEDC on Ogun Residents', which we wish to clarify issues to our esteemed customers.

"The issue of load-shedding being currently experienced in some parts of Ogun State and other parts of our franchise area is because of the shortfall in power allocated to the company in recent times".

Olanrewaju said that the supply to Owode, Idiroko, Atan-Ota, Iju and its environs emanated from two feeders from Idiroko 33KV feeder (source 40MVA, 132/33KV transformer, Ota T/S) and Lusada 33KV feeder (60MVA, 132/33KV transformer, Agbara T/S) under Ota business hub of the company.

She said that the Transmission Company of Nigeria, TCN, has transformer limitation from the transmission station serving the two feeders.

She said that the Agbara 132/33KV transmission station which feeds customers on Lusada 33KV network of IBEDC was pegged at 12MW load allocation and the load requirement of the feeder is 35MW.

Olanrewaju said IBEDC was not resting on its oars in trying to resolve the problem, adding that the company plans in the near future to embark on the construction of a 33/11KV injection substations within its franchise areas.

Gencos produce 8,705,606MWh in Q4 2017 - NERC

Omotosho II NIPP plant

OPEOLUWANI AKINTAYO

Lagos -- Power generating companies or Gencos produced a total of 8,705,606MWh of electricity in the fourth quarter of 2017.

The latest operational performance report obtained from the Nigerian Electricity Regulatory Commission, NERC, said the 8,705,606MWh produced within the period was 15 percent more than the total generation in the third quarter and the highest quarterly generation in 2017.

Total energy generated by Gencos in the third quarter stood at 7,568,489MWh, NERC had said in its third-quarter report.

The industry's peak daily generation of 5,222MW for 2017 was also recorded in the fourth quarter, specifically, on December 18, 2017.

Despite the increase in the peak generation in the fourth quarter, average utilisation of the total available generation capacity was estimated at 54.4%, and is relatively lower than the first quarter estimate and was still constrained by a combination of factors.

The report listed limited distribution networks as the main constraint, listing inadequate gas supply and transmission line bottlenecks as other reasons.

While transmission line limitation constrained 56.8MW/3.64%, gas held back 540.6MW/32.86%, while limited distribution networks constrained 1047.5MW/63.68%.

"Resolving these constraints remains as a top priority of the Commission. While the government has started the implementation of gas payment assurance facility to resolve the issue related to inadequate gas supply, the Commission has accordingly identified in its 2017-2020 Strategic Plan the actionable items towards addressing constraints in transmission and distribution networks".

"The planned strategy includes a thorough technical assessment of DisCos' utilisation of its capital expenditure allowances for relevance and cost efficiency and a tariff reset in order to stimulate investments in network infrastructure", the regulator said in a note obtained by SweetcrudeReports.

Ogoni cleanup: Submission of technical, financial proposals to end Sept 24

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the procurement process. We have 183 companies that have pre-qualified and have been asked to submit their documents to bid for the contract.

"All bids are supposed to end on the 24 of September, after which there will be financial evaluation. There is timeline for each process. We have matching order that by the end of last quarter of 2018, people should be seen on the field," he said.

Also, the Project Coordinator of HYPREP, Dr. Marvin Dekil, said contractors for the project must have technical and financial competencies before they would be allowed to participate in the process.

Finance

FAAC disburses N3.946tr in first half of 2018

IKE AMOS

Abuja -- The Federation Accounts Allocation Committee, FAAC, disbursements in the first half of 2018 stood at N3.946 trillion, rising by 41.4 percent over the amount recorded in the same period in 2017, according to data released by he Nigeria Extractive Industries Transparency Initiative, NEITI.

The data showed that N2.788 trillion was disbursed in the first half of 2017 and N2.019 trillion in the first half of 2016.

"The disbursements in the first half of 2018 were almost double the disbursements in the first half of 2016.

"The breakdown of the data reveals that in the first half of 2018, the Federal Government received N1.652 trillion, which made up 41.8 percent of the total amount disbursed; the states got N1.375 trillion, representing 34.8 percent of the total; while N795 billion was disbursed to the LGAs, representing 20.1 percent of the total," NEITI said in its Quarterly Review, titled, 'Highlights of Federation Account Allocation Committee disbursement in the second quarter and half year 2018'.

NEITI also said Delta State, Akwa Ibom, Rivers, and Bayelsa state governments received a total of N364.25 billion from the federation account in the first six months of 2018.

It disclosed that receipts by the four states accounted for 9.23 percent of total disbursements of N3.946 trillion recorded in the first half of 2018.

According to the NEITI, Delta State, received the highest allocation of N101.19 billion in the six-month period, followed by Akwa Ibom with N100.2 billion; Rivers State with N85.01 billion, while Bayelsa received N77.14 billion.

In addition, Lagos received N59.52 billion, Kano N39.88 billion, Edo N32.88 billion, Kaduna N32.86 billion, Ondo N30.96 billion and Borno N30.04 billion.

On the contrary, the report disclosed that 10 states with the least federation allocation received a total of N189.45 billion.

Labour

Minimum wage committee working within timelines - Ngige

SAM IKEOTUONYE

Abuja -- Minister of Labour and Employment, Dr. Chris Ngige, has assured that the National Minimum Wage Committee set up by the Federal Government was still working within its timelines.

He also assured that the government would soon disclose a definite figure payable by both the governments and the private sector as minimum wage.

The minister, who spoke in the backdrop of the recent two-week ultimatum issued to the government by the Nigeria Labour Congress, NLC, on the matter, said the conventions of the International Labour Organisation, ILO, and other forms of negotiations on minimum wage do not allow partners to issue threats as the other partner could regard that as negotiating under duress.

Maintaining that the new national minimum wage being articulated by the government might not be above N25,000, he disclosed that organised labour had first proposed N56,000 to the government, but later withdraw the proposal and replaced it with N65,000 demand.

Freight

Nigeria, South Africa, others mull collaborative maritime pact

Nigeria/South Africa map

VINCENT TORITSEJU

Lagos -- - There are indications that a collaborative maritime administration platform is underway in Africa as the Nigerian Maritime Administration and Safety Agency, NIMASA, says discussions to that effect have commenced.

Dr. Dakuku Peterside, the director general of NIMASA, who stressed that regional collaboration was key to developing Africa's maritime sector, hinted that Nigeria, South Africa, Ghana and Kenya were preparing for collaboration in several areas of maritime administration.

He stated: "We cannot walk this journey alone; partnership is crucial to achieving a robust economy. The beauty of partnership is that everyone brings their expertise to the table where ideas are shared and considered as a way forward to achieving a particular goal; it is not only here in Nigeria, it has become a global trend and this is what AAMA (Association of African Maritime Administrations) seeks to achieve for the continent."

He noted that NIMASA was in discussions with the maritime administrations of South Africa, Ghana and Kenya to acquire and jointly operate a training vessel for cadets.

He said that discussions were still at the early stages, but expressed hope that the partnership will be beneficial to the countries involved, adding that the AAMA conference would be an avenue to continue discussions on the proposed agreement.

Escravos channel

We followed due process in award of Escravos contract - NPA

Lagos -- The Nigerian Port Authority, NPA, has fingered companies that lost out in the bid to secure the contract for the dredging of Escravos Bar in Warri, as being responsible for the attacks it is getting over the contract award.

The NPA said, in response to the allegations of fraud against it, that "all processes as enumerated in the Public Procurement Act (PPA), 2004 were followed in the award of this contract".

The Authority said in a statement: "The first point to make is that the Authority is guided by provisions of the Procurement Act in all its procurement processes and that not in the Warri contract or any other contract for that matter, have we gone against the provisions of the law.

"In addition to that, all procurements by the Authority is subject to the supervision/approval of the Bureau of Public Procurement (BPP) and the Authority received the necessary approvals before going ahead with the award of the contract for the dredging Warri Channel".

The statement continued: "All arithmetic computations so done by the Authority are in line with the PPA which so permits for the procuring entity to do such and consequent documentations of the computations were submitted to BPP for no objection which was obliged.

"The Authority, upon receipt of the petition alleging that Dredging International Nigeria Limited had been convicted by a law court in Switzerland, sought the legal counsel of the Office of the Attorney General of the Federation and requested an investigation of the petition by the Economic and Financial Crimes Commission (EFCC).

"In addition to this, although Dredging International Nigeria Limited provided us with a sworn affidavit in support of claims that they were different from the company that was so convicted, the Authority engaged a legal practitioner who embarked on an independent investigation of the petition and the claims of the company".

The company stated that investigation revealed that allegations that Messers Dredging International Services Nigeria Limited had been convicted in a law court in Switzerland for corrupt practices involving some officials of the Nigerian government including the NPA were incorrect.

Rivers communities get power supply after one year outage

MKPOIKANA UDOMA

Port Harcourt -- After more than one year of power outage orchestrated by incessant vandalism, electricity supply has been restored to communities in Emohua and Ikwerre Local Government Areas of Rivers State.

The restoration of the power, according to the management of the Port Harcourt Electricity Distribution Company, PHED, was made possible by the Rivers State Government through its Ministry of Power as well as the chairmen of the two affected local government areas.Speaking, the Project Manager, Rivers State Ministry of Power, Mr. Eze Igwe, explained that the affected communities had been in darkness for over a year due to some damaged electricity facilities in the area, such as 33KVA transformers.

"The Electricity restoration was powered by the Rivers State Ministry of Power in conjunction with Ikwerre and Emohua Local Government Councils through direct labour.

"We want to thank the chairmen of Ikwerre and Emohua Local Government Areas who joined hands with the State Ministry of Power to make the installation of the damaged power line," he said.

On his part, the chairman of Ikwerre Local Government Area, Mr. Samuel Nwanosike, explained that the restoration of power to the communities was part of his electioneering promises.

Nwanosike commended residents for their peaceful conduct while enduring the hardships they suffered as a result of the power outage they had to contend with for the past one year.

He debunked claims that the repair and installations of electricity facilities in the area was carried out by the Federal Ministry of Power, Works and Housing.

Niger Delta community

Belemaoil to link host communities with 85km road project

Port Harcourt -- Indigenous oil firm, Belemaoil Producing Limited, says it is set to link its host communities to other parts of Rivers State with an 85-kilometre road.

The road, which construction is expected to commence soon, will link Belemaoil host communities in Kula and Idama islands in Akuku-Toru Local Government Area of the state through Degema and Abonnema.

External Relations Manager of Belemaoil, Mr. Samuel Abel-Jumbo, said the project was being carried out with the support of both the Rivers State government and the Federal Government in line with the company's social performance policies.

According to him: "We appreciate the commendations and excitement from our host communities over the proposed 85 kilometre road project that will connect our host communities of Kula and Idama to the rest of Rivers State and indeed the world.

"While we understand the sigh of relief the news of the proposed road has brought to our host communities, this project is being conceived by Belemaoil Producing Limited and will be carried out with the support of both the Rivers State government and the federal government.

"As an indigenous producing oil company, indeed the first to emanate from an oil producing community, we commend the effort of the incumbent administration of Rivers State government and the Federal Government of Nigeria in infrastructural development and security."

Abel-Jumbo further stated that the desire to embark on the project was borne out of the vision and passion of the founder and president of Belemaoil, Mr. Jackrich Tein, whose idea is to create wealth and attract development in the host communities of the oil company.

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