

Oil Firms get New PSC soon

Nigeria government said it would withdraw all oil and gas bills related to gas exploration and production in the country, which are currently before the National Assembly so as to give room for the review of Production Sharing Contracts (PSCs) with oil companies in operating in the country.

Director of the Department of Petroleum Resources (DPR), Tony Chukwueke, who disclosed this at the 25th annual conference of the Nigerian Association of Petroleum Explorationists (NAPE) in Abuja stated that all the blocs awarded under the 1993 PSC did not take gas production into consideration adding that there was the need to review the contracts.

Chukwueke stated that already government had given notice to oil companies on the planned review of PSCs to ensure that government maximizes benefits from gas.

He said the idea of reviewing the PSCs as part of the restructuring of the oil and gas sector was to provide more incentives to the operators.

Shell merges Operational Units

Shell Production and Development Company Limited (SPDC) has merged its operational subsidiaries in Nigeria and they are now known as Shell. The units are Shell Exploration and Production Africa Limited (SEPA) and Shell Nigeria Exploration and Production Company Limited (SNEPCO)

The company said the essence of the merger is to improve efficiency and reduce costs, taking advantage of synergies between companies and eliminating duplication. Under the new arrangement, the company said, there would be one Production organization, one development organization, and one Projects organization, in addition to the sharing of support services.

The Shell Nigeria Country Chair and Managing Director of Shell Petroleum and Developing Company (SPDC), Basil Omiyi, said: "We are operating in an extremely difficult environment where levels of production have been severely curtailed by the security situation for some time, where there is significant upward pressure on costs and where funding issues are having an impact on our operations". Management of the business affairs of the companies will remain vested in their respective Boards. Shell remains committed to Nigerianization at all levels. SEPA, SPDC and SNEPCO will continue to discharge all of their respective corporate and contractual obligations as fully functioning separate legal entities.

OPEC pledges Stable Oil Supply

OPEC heads of state ended their third summit in the Saudi Arabian capital Riyadh with a pledge to ensure adequate and stable supply of oil to world markets and to invest sufficient money to help meet future demand.

The 13 heads of state and government, meeting less than two weeks after oil prices hit record highs of close to \$100/barrel, said the new investment would go not only on upstream production capacity increases but also further downstream, where shortages of refining capacity over the last two years have often been cited as a reason behind the current high oil prices.

The summit declaration reaffirmed the group's commitment to "continue to provide adequate, timely, efficient, economic and reliable petroleum supplies to world markets.

The summit was the third since OPEC was founded in 1960, following earlier meetings of heads of state in Algiers in 1975 and Caracas in 2000, and marked the formal return to the group of Ecuador after a 15-year absence complete civil works construction for the plant.

Lower Deepwater Yields worry Geologists

The National Association of Petroleum Explorationists (NAPE) has expressed concern over Nigeria's peak production or spare capacity. The body's fear is hinged on the fact that oil exploration no longer yields expected results, especially in deepwater fields.

The increasing number of dry wells makes necessary that the matter should be given greater attention, NAPE's President, Dr. Kingsley Enu, said. Enu said, "In 1993 when the deepwater began, a lot of explorationists thought the future was in the deepwater, especially as we made a lot of discoveries like Shell's Bonga, ExxonMobil's Erha and Agip's Abo. These contributed about 450,000 to 500,000 barrels per day.

"Of late, there have been a lot of drilling, but results have not been as expected. Some wells were drilled but they were dried. So we need to go back and look at the geology of the region once again. The days of 500 to 700 metres find are gone, so there is need for cluster development to know what is happening there."

According to him, the issue of peak production now occupies the front burner because "increasing population growth, rapid industrialisation and globalisation has led to a phenomenal rise in the use of energy, at the same time, major oil companies are finding it increasingly difficult to discover new fields."

Total proffers Way Forward on Gas

The Managing Director and Chief Executive of Total Upstream Companies in Nigeria, Mr. Jacques Marraud des Grottes, has suggested the creation of the right business environment, made of commercially robust business models supported by law, as one way to drive growth in Nigeria's gas industry.

Other measures, Marraud des Grottes said; include the enablement of companies and joint ventures to attract capital independently and with the support of government as well as upholding the sanctity of contracts in the operating environment.

Total's Chief Executive spoke at the 7th Industry Luncheon/Talk of the Centre for Petroleum Intelligence (CPI) held in Lagos.

He added that in order to satisfy both domestic and export demand for gas, adequate power supply must be provided and high efficiency plants constructed.

According to Mr. Marraud des Grottes, plants must also be developed at the pace of transmission and distribution lines as well as the development of gas in corresponding quantities.

In the lecture entitled, "Enablers for Gas Development to Support Nigeria's Growth Agenda", Marraud des Grottes spoke on Africa's oil and gas in today's world; Nigeria's production; its aspirations; present gas growth forecasts and gas development enablers.

Africa, he added, is well positioned to supply the domestic market as well as the Atlantic Basin gas market, adding that projects were in abundance to support this - 28 power plant projects, 28 industrial projects, 2 new large LNG projects and 3 export pipelines projects, all of which are at different degrees of maturation.

Nigeria loses \$58.3BN to unrest

Nigeria has lost an estimated \$58.3 billion in oil revenues to the unrest in the Niger Delta in the last nine years, the chairman of the Senate Committee on Niger Delta Peace and Conflict Resolution, Senator David Brigidi, has said.

"It is estimated that Nigeria has lost an average of 300,000 b/d in oil production since 1991, to the state of violence and instability in the region," he said.

Brigidi, who based his calculations on an average of \$60/barrel, said that several multinational oil companies have moved their operations from on-shore locations, resulting in heavy revenue losses to businesses and federal and state governments.

Chevron Spends \$150m on Community Projects

Chevron Nigeria Mid-Africa Business Unit has committed over \$150 million about 18.5 billion in Nigeria in the past ten years in promoting ideas and programmes that foster sustainable development in all facets of the Nigerian society.

Chairman and Managing Director, Chevron, Mr. Fred Nelson, said Chevron's corporate responsibility programme is targeted at improving the quality of life by contributing to schemes that stimulate socio-economic growth, among them education, health, infrastructure development and local capacity building. He restated chevron's believes to building partnerships that add significant value to society were it operates.

Worries over Rising Oil Price

As crude oil price hovering close to \$100 per barrel, Nigeria minister of Petroleum Resources, H. Odein Ajumogobia, has said that the rise in price of crude oil in the international market portends great danger to the nation's economy.

Though the minister did not give details of what danger he foresees, he however, said the Organization of Petroleum Exporting Countries (OPEC) and other crude oil producing nations are taking precaution in identifying the trend in the very difficult scenario which the producers have never had before.

Nigeria, with about 35 million liters capacity consumption per day, and about 2.3 million barrels per day export capacity, relies heavily on fuel importation as a result of poor state of the nation's four refineries. Currently daily consumption of fuel is being subsidized by federal government to the tune of over N15 billion weekly.

Workers cautions on 2.45m bpd

The Nigeria Labour Congress has advised members of the National Assembly to carefully look into the assumed earnings from 2.45 million barrels of crude oil per day as presented by President Umaru Yar'Adua in his 2008 budget proposals.

Under-measuring: DPR warns Marketers

Tied with series of complains from vehicle owners on the mal-practices among oil marketers in the country, the Department of Petroleum Resources (DPR) has warned major petroleum products marketers to desist from under-measurement of petroleum products or face the wrath of the government.

Also the agency's Director, Tony Chukuemeka further warned owners of new retail outlets to follow laid down regulations and ensure that they obtain due Approval To Construct (ATC), while saying the department intend to be stricter in its operations in the coming year.

"We are apparently worried about the conduct of proponents of new retail outlets who procure location sites without proper consultation to ascertain site suitability, and thereafter mount pressure for statutory regulations to be weakened. We advise that proponents and stakeholders follow due process and conduct their operational activities according to good oil field practices as these and other unwholesome conducts shall not be tolerated in the New Year (2008).

Nigeria halts 900,000 bpd

Nigeria, Africa's biggest oil producer, has halted about 900,000 barrels a day of crude output as a result of unrest in the Niger Delta and oilfield closures, the nation's minister of state for petroleum said.

The figure includes about 500,000 barrels a day shut in by militant attacks in the Niger Delta and another 400,000 barrels a day halted by 'technical disruptions', H. Odein Ajumogobia said today by telephone, without saying when the cuts began.

"This total represents potential production that could be brought back on quite rapidly," Ajumogobia said, without providing further details.

The Movement for the Emancipation of the Niger Delta, or MEND, has attacked oil installations in the region since the beginning of 2006 in a bid to cripple Africa's biggest industry. Current output is about 2.1 million barrels a day,

Ajumogobia said in Abu Dhabi during a meeting of the Organization of Petroleum Exporting Countries, of which Nigeria is a member. That figure, combined with the halted output, would bring Nigeria's production capacity to about 3 million barrels a day. Nigeria has "an issue with OPEC over quotas when they think ahead," said Antony Goldman, a London-based independent analyst specializing in Nigeria. The country "probably does have an interest in telling the market that it has a 3 million-barrel-a-day capacity."

Nexen opens Wallet for Nigeria

Nexen reported that over 2008 it plans to spend \$2.4 billion on value-adding projects around the world. In Africa, the company's Nigerian asset will see some of that money.

According to the company its Usan development on OPL-222 offshore Nigeria will see about \$165 million. The project will have the ability to process an average of 180,000 bpd of oil during the initial production plateau period through a new FPSO which will have two million barrels of storage capacity.

Once the Usan development is formally sanctioned, the major deep-water facilities contracts will be awarded. Nexen has a 20 per cent interest in the exploration and development contract for OPL-222.

Energem Facility hits Full Capacity

Energem Resources said it has completed repair of its fuel storage facility in Nigeria that the facility is now running at full capacity.

According to the company, the facility also had its best month in November 2007 since opening in September 2006, having discharged 130,000 tons of refined fuel products despite having only 50% availability of its distribution capacity during the month. Wayne Osborne, Chief Executive Officer of the Petroleum Division commented: "The ability of our staff in Nigeria to achieve full commissioning of the facility, post the fire incident, in such a short time frame is truly commendable. This coupled with the fact that the facility was able to achieve record loading numbers despite only having 50 per cent of its distribution capacity available is testament to the robustness of the plant and the hard work and dedication of all of the staff."

Angola to end Gas Flare by 2010

The Angolan government has worked out a strategy to totally eliminate gas flaring in 2010 through popularizing the use for industrial and domestic purposes, Angola's official said. Angolan Oil Minister, Desiderio Costa, was quoted as saying that the government has placed step-by-step reduction of gas flaring resulting from oil exploration as one of top priorities on the work agenda.

The minister said to achieve this goal it is essential for African oil producers to capitalize the experiences acquired by national firms, turning them into autonomous operators, leading contractors and those participating in the whole oil business chain.

According to the minister, the Angola LNG (Liquefied Natural Gas) Limited has carried out a LNG project to produce five million tons of gas annually as from 2012, thus enabling the country to profit from environmental protection and use of the fluid for commercial and industrial goals.