

OPTS Q1 2023 Newsletter

It's Q1 2023! The Secretariat has put together a refreshing package for U!

The quarter opened with strong advocacy on the Finance Bill which led the President to step down on his assent on the bill. You don't want to miss the details about the status of draft PIA regulations, the first-of-a-kind OPTS Annual Strategy Workshop, and a special feature introducing the Human Resources Subcommittee Lead. We hope you enjoy this edition of the OPTS newsletter.

2022 FINANCE BILL

The implementation of the Petroleum Industry Act (PIA) continued with more eight (8) more regulations published by NUPRC (The Commission) and two (2) by NMDPRA (The Authority) within the quarter. The 2022 Finance Bill is another piece that the OPTS gave a hard advocacy chase on with several engagements held with key stakeholders including the Minister of Finance, Senate President, Chief of Staff, ACE NMDPRA and the President of the Federal Republic of Nigeria. The OPTS through different written and face-to-face communications sought for key changes (as listed below) to the Finance Bill. Although the updated bill has not been made public, there is reliable intel that confirms good results from the OPTS advocacy efforts.

- The CIT rate for all Oil & Gas companies should remain 30%.
- Consider amending the Petroleum Profit Tax Act with the same Gas Flare Penalties provision in the PIA section 104 for alignment and consistency.
- Consideration of additional incentives such as Investment Tax Credits (ITC) of at least 50% of Annual Gas Capex for the industry to promote investment in flares-out projects and accelerate the monetization of Nigeria's gas reserves
- The Tertiary Education Tax (TET) rate should remain at 2.5%. Increasing the rate to 3% immediately following a similar increase in 2021, projects Nigeria as an unstable fiscal environment.
- Consider retaining the current timeline for Value Added Tax (VAT) remittance at 21st day as against 14th day of the following month for ease of taxpayer-compliance and to reduce administrative burden.
- Retain Reconstruction Investment Allowance of 10% for companies incurring qualifying Plant and Equipment expenditure to encourage investment.
- Retain Investment Allowance provided in paragraph 18 (3) of the Second Schedule of CITA to encourage investments.
- Current Customs, Excise, Tariffs (consolidated) to be retained, as imposition of additional 0.5% levy on eligible goods imported into Nigeria from outside Africa increases cost of doing business in Nigeria.
- Consider eliminating the introduction of excise tax on other services as this will increase additional cost of doing business in Nigeria.
- Retain Section 23 (3) of PPTA. We recommend that the Commission should agree on the

basis of the Fiscal Oil Price with the companies.
OPTS is eagerly waiting for the re-issuance of the Finance Bill.

PETROLEUM INDUSTRY ACT(PIA) IMPLEMENTATION

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) made further progress in the issuance of draft regulations to support the implementation of the Petroleum Industry Act (PIA). NUPRC released 5 new draft regulations on the 19th of December 2022. The regulations were reviewed by the relevant OPTS Subcommittees and inputs shared with the Commission. Stakeholder consultation session held on February 6th – 7th 2023. OPTS raised major concerns on the Measurement regulation. This led to a meeting of OPTS and IPPG MDs with the Commission Chief Executive (CCE) on the 14th February where the CCE provided further clarity and promised to provide OPTS with the updated regulation before final gazetting. 5 regulations out of 18 regulations issued by NUPRC have been gazetted. See table below. There are concerns with some of the recent NUPRC draft regulations and there are ongoing engagements to have OPTS views taken onboard as much as possible.

SIN		DESCRIPTION
	Stakeholder input submitted and consultation held	Gazetted regulations
1	Upstream Petroleum Fees and Rents	Conversion and Renewal
2	Nigeria Frontier Exploration Fund	Petroleum Royalty
3	Unitisation	Petroleum Licensing Round
4	Decommissioning and Abandonment	Domestic Gas Delivery Obligations
5	Petroleum Environmental Regulation	Host Community Development
6	Environmental Remediation Fund	
7	Acreage Management Drilling and Production	
8	Upstream Petroleum Safety	
9	Domestic Crude Oil Supply Obligation	
10	Gas Flaring and Venting	
11	Nigerian Significant Oil & Gas Discovery	
12	Nigerian Upstream Petroleum Advance Cargo	
13	Nigerian Upstream Petroleum Measurement	

In the same vein, NMDPRA held a stakeholder consultation session on 8 draft regulations issued in the last quarter of 2022. The regulations were reviewed by the relevant OPTS Subcommittees and inputs shared with the Authority. Stakeholder consultation session held on January 23rd – 25th 2023. NMDPRA has issued 20 draft regulations with none gazetted to date. OPTS also has expressed concern on a few of these regulations and is looking to see the regulations updated with these concerns as much as possible. Listed below are the draft regulations issued by NMDPRA and reviewed with the stakeholders.

S/N	Stakeholder input submitted and consultation held
1	Assignment and Transfer of Licenses and Permits
2	Environmental Regulations for Midstream and downstream Petroleum Operations
3	Midstream and Downstream Petroleum Operations
4	Midstream and Downstream Petroleum Pipeline
5	Petroleum Transportation and Shipment
6	Midstream and Downstream Environmental Remediation Fund Regulations
7	Midstream and Downstream Gas Pipeline Tariff Regulations
8	Gas Pricing Domestic Demand and Delivery Regulations
9	Midstream and Downstream Gas Infrastructure Fund
10	Midstream and Downstream Decommissioning and Abandonment
11	Midstream and Downstream Safety Regulations
12	Petroleum Measurement Regulations
13	Gas Trading and Settlement Regulations
14	Hydrocarbon Processing And Refining Facilities Regulations
15	Midstream Gas Flare Regulations
16	Midstream And Downstream Petroleum Dispute Resolution Regulations, 2022
17	Midstream And Downstream Penalties And Enforcement Mechanism Regulations
18	Terminal And Bulk Storage Regulations
19	National Strategic Stocks Regulations
20	Gas Distribution systems regulations

The latest step in the journey of PIA implementation is the NNPC transfer of assets and liabilities to NNPC Ltd on February 17th, marking another PIA milestone. The Nigerian National Petroleum Company Limited (NNPCL) by that step officially marked the end of its operations as a corporation after the transfer of assets worth \$60 billion, as well as the takeover of liabilities from the old NNPC, as prescribed by the Petroleum Industry Act (PIA). Residual assets and liabilities not transferred by February 2023 will either be extinguished or transferred to the Government in line with the provisions of the PIA (s-54.1, s-54.2 and s-54.3). The sad truth is that the PIA implementation has dragged on with delay in the issuance and gazette of draft regulations. OPTS looks forward to seeing things move faster in the months ahead.

2023 OPTS WORKSHOP STRATEGY

On Feb 15, 2023, OPTS held the first ever Strategy workshop to discuss current state, and identify near to long term priorities. There was good participation with 6 MDs and over 80 Subcom members from both the IOCs and indigenous companies, cutting across the 17 OPTS subcommittee in attendance. Apart from the workshop serving as a way of bonding together among subcommittee members, it also energized the confidence of subcommittee members in the ability of OPTS to drive improvements in the oil and gas industry. There were breakout sessions on the themes People and Human Capital Breakout, Nigeria Competitiveness Breakout, Policy Implementation, Advocacy and Collaboration, Energy Transition, Decarbonization and Gas and Security. The various outcomes and suggestions will form the basis of next steps that will be taken by OPTS to enhance her advocacy results going forward. It was obvious there is a need to build synergy and further strengthen the overall collaboration between the OPTS Subcommittees in order to achieve OPTS priorities for 2023. Overall, it was a successful workshop. Bravo! to the P&S Subcom, the OPTS Secretariat and McKinsey team that worked together to make it a success. Picture speaks!



OPTS SECURITY SUBCOMMITTEE ENGAGEMENTS WITH SECURITY AGENCIES

During the first quarter of 2023, the OPTS Security Subcommittee had engagements with executives of security agencies aimed at maintaining cordial relationships and also focus on support during the forthcoming elections. Below are the highlights of the various engagements.

Courtesy Visit to the CDS, Lt. Gen. Leo Irabor (8th Feb. 2023): The OPTS Security Sub-Com was on 8th February 2023 led by the OPTS Executive Director, Bunmi Toyobo to a courtesy visit on the Nigerian Chief of Defense Staff, Lt. Gen. Leo Irabor and his Principal Staff at the Defense headquarters, Abuja, where-in a number of issues bothering on the military security support for the Oil and Gas industry were discussed. The team extracted the commitment of the CDS to strengthen the continued support of the military during and after the election periods, while also ensuring that all malfeasance against oil and gas production is stamped out. Present at the meeting include the Chairman of the Sub-Com, Mike Akeh; Toye Fatoki (Vice-Chairman); Iliyasu Bagna (Immediate Past Chairman) and Paul Mbachu (Head, Security - Antan Producing).

Courtesy Visit to the Interim Administrator (Chief Executive) of the Presidential Amnesty Programme, Maj. Gen. Barry Ndiomu (8th Feb. 2023): The OPTS Security Sub-Com was on 8th February 2023 led by the OPTS Executive Director, Bunmi Toyobo to a courtesy visit on the Executive Administrator of the Amnesty Initiative, Gen Barry Ndiomu (rtd.) at his office in Abuja, where incisive discussions bothering on the activities of the oil thieves and vandals were analyzed.

Visit to the Commandant-General of the NSCDC, Dr. Ahmed Audi (8th Feb. 2023): Similarly, the Chairman of the OPTS Security Sub-Committee, Mike Akeh led the Sub-Com members on a familiarization visit to the Commandant General of the Nigerian Security and Civil Defense Corps, Dr. Ahmed Audi at its headquarters in Abuja. The OPTS solicited for continued support to the industry, while also advocating that the Corps establish a special unit dedicated to the Oil and Gas industry. The Sub-Com also admonished the Corps to draw up a working strategy to fight the menace of oil thieves, vandals and their kingpins in the Niger Delta. In his response, the Commandant General, on behalf of his principal staff that were present at the parley, welcomed the OPTS, while also promising to forge a closer relationship with the Sub-Com. He also highlighted a number of activities that the Corps was working on to fight oil thieves to a standstill.

Visit to the AIG, Operations; AIG Adamu Ciroma (8th Feb. 2023): In another development, the Security Sub-Committee paid a working visit to the Assistant Inspector-General (AIG) of Police in charge of Operations at the Police headquarters, Abuja. The Subcom seized the opportunity to thank the Force for its efforts, while soliciting for the continued support of the Force during the election. The AIG Ops thanked the visitors for appreciating the sacrifice of the officers and men of the Police Force and promised that the Force will ensure adequate support for the Oil and Gas industry during and after the elections on a continuous basis.



OPTS LEGAL SUBCOMMITTEE ENGAGEMENT WITH THE NATIONAL JUDICIAL INSTITUTE (NJI).

The Legal Subcommittee had a productive engagement meeting with the National Judicial Institute in Abuja and the objective of the meeting was to explore and understand what may be required to collaborate with the National Judicial Institute to host a workshop for the members of the Judiciary.



NIGER DELTA DEVELOPMENT COMMISSION (NDDC) WITH OPTS EXECUTIVE COMMITTEE

Following the newly inaugurated Managing Director and management team of the Niger Delta Development Commission (NDDC), the Executive Management team of NDDC was invited to the 2023 March EXCOM meeting to meet with leaders of the oil and gas industry and to present their vision for collaborating with the OPTS member companies in delivering identified key projects in the Niger Delta. In attendance was Chief Samuel Ogbuku, Ph.D. the MD/CEO, NDDC, Major Gen. Charles Airhiavbere, Rtd the Executive Director of Finance and Administration, Chidi Nwankwo the Director PPP, Dr. Ibitoye Abosedo the Director, Corporate Affairs, and Hon. Ovie Ese the Special Assistance to EDFA, NDDC. The MD/CEO of NDDC decried the current state of the relationship between the Commission and the oil and gas industry. He promised that his management team is ready to correct past errors and partner with oil and gas companies to achieve the vision of NDDC for the region. He noted that the Commission would advocate for a Public Private Partnership (PPP) with stakeholders, especially with the operators of oil and gas companies in the Niger Delta for the purposes of executing sustainable projects that will develop the region and create employment opportunities for the region's teeming youths. He noted that in the past NDDC has failed to utilize funds for sustainable projects, however, the current management team is devoted to developing the region through the execution of sustainable projects and will use funds for the purposes in which they have been budgeted. The MD NDDC said the OPTS is the second most important stakeholder aside from the people of the region and pleaded for partnership with the Commission to achieve the development of the region. On the NDDC budgeting process, he explained that the oil and gas companies will henceforth be co-opted into the budget preparation for the region based on the new philosophy that the budget is a budget for the region i.e., the people and the oil and gas companies in the region and not just for NDDC. He requested for a representative to be nominated by OPTS to be a part of planning the budget to include the kind of projects that are needed in our areas of operations for inclusion in the 2024 budget. He added that although the current NDDC administration did not prepare the 2023 budget, there is still a window of opportunity that can be explored by OPTS to include projects from our member companies within the next one week. The MD/CEO of NDDC equally assured OPTS that the Commission will adhere to the rules of corporate governance in managing its activities and promised that the budgeting process going forward will be transparent. Mr. Osagie Okunbor the Managing Director of Shell noted that OPTS looks forward to working with NDDC based on the assurances given by the MD/CEO and urged the Commission to carry out tangible projects with the 2023 budget. He also urged the Commission to pay attention to the

security of critical oil and gas facilities in the Niger Delta, especially pipelines in order to assist in the drastic reduction of crude oil theft. Osagie also noted that OPTS Secretariat will coordinate OPTS's interest in the budgeting process and will nominate a representative to work with the NDDC budget team.



INTRODUCTION OF NEW OPTS SUBCOMMITTEE LEAD

- 1) PIB/Strategy Subcommittee Lead effective February 2023 - Olugbenga Oluyemi – Chevron
- 2) Nigerian Content Subcommittee Lead effective February 2023 - Cyprian OJUM – Total Energies
- 3) Tax Subcommittee Lead - Oladapo Odumosu effective February 2023 – Chevron
- 4) Ethics and Compliance Subcommittee Lead effective March 2023 - Esi Orogare - NAOC

Profile Feature

Meet the Human Resources Subcommittee Chairman



1) Introduce yourself and tell us about your journey in OPTS.

My name is Balarabe (Bala) Aliyu, I am currently the Executive Director and Country HR Manager for ExxonMobil Companies in Nigeria. I have over 2 decades experience of leading Human Resources and Labour Relations in the Upstream & Downstream sector of the oil industry in Africa, UK/Europe, and the Middle East. My background is in Finance, I was a Banker before joining the Oil industry more than 20 years ago. I hold an Accounting degree from ABU, Zaria, and a Masters & Doctorate in Business from the University of Liverpool, UK. I am also a Fellow of ICAN, CIBN, and a Chartered member of CIPD, UK, and CIPM Nigeria. I am passionate about managing people's capital in modern workplaces and continue to contribute to the professional development of HR Practice in Nigeria. I recently chaired the CIPM Education Committee for 3 years. I have also been a member of the OPTS HR committee for more than a decade and assumed its chairmanship in August 2022.

2) Introduce your Subcom and its importance in the industry

The HR Subcom focuses on our industry people issues, with emphasis on best practices and collaborative advocacy that enhances our workforce experiences. We focus on emerging workplace issues and trends, and strategically engage to manage them in partnership with our stakeholders & social partners. The overall objective is to enhance employment experiences in our industry and promote the development of National capabilities across all areas of our operations.

3) What has been most rewarding about your role?

People are our greatest asset, and the strength of our contribution and the distinction in our achievements are mainly due to the quality of people that we have and what they do. The Nigerian oil industry has some of the greatest minds and skill sets in the world. Bringing so much diversity of thought, skills and backgrounds together to achieve common business objectives is the most rewarding experience. It is infinitely dynamic, I learn something new every day, I hear different stories and face new challenges that stretch my team, and we often find creative and enduring solutions.

4) What is most challenging about your role?

The rate and pace of change in the workplace have been very high, driven by globalization and the impact of technology. Operating within a global context means that we must continue to adapt and reinvent ourselves, our people, and our processes to stay efficient enough to compete. We continue to deal with several unique challenges in Nigeria that impact our global competitiveness and ultimately our people. Navigating issues like over-regulation, insecurity, and macroeconomic pressures while trying to develop and retain world-class talent, continues to be our biggest challenge.

5) Tell us about your major accomplishments as the Subcom lead

We are strengthening our engagement of key stakeholders and partners so that there is better understanding of our people's issues and the support our businesses need. Working closely with NECA, we've stayed particularly engaged with the Federal Ministry of Labour & Employment, the Unions & other stakeholders to ensure that the various amendments to Nigerian Labor Bills and Guidelines on Labour Administration, respect our right to manage and consider the business imperative to operate efficiently. We plan to

sustain these efforts and collaborate with other key stakeholders to support capability development in our Industry.

6) Share something about yourself that nobody in your Subcom knows about you

When I find the time, I like watching old dramas. I find that the limited technology and special effects meant that they had to rely on really good acting and a compelling storyline. Good Will Hunting (Matt Damon, 1997), Scent of a Woman (Al Pacino, 1992), Trading Places (Eddie Murphy, 1983) and the Godfather Trilogy are some of my all-time favorites.

7) How do you keep a healthy work/life balance?

I play golf, the greatest game on earth! ☺ Started playing four years ago...and always look forward to the opportunity to spend time outdoors with great people. It's fun, social and keeps me moving. I'm still trying really hard to fix the dreaded slice and lower my handicap, which is proving harder to do. Good thing though – golf is a lifetime sport ☺

8) What is your philosophy on life?

Everything is transient. Be grateful for every situation and circumstance, humbly try to find and fulfill your purpose and learn the lessons in those situations before they change.

New Secretariat Staff To OPTS



Mr. Dundas Sasi (ENI parented) joined the OPTS Secretariat as a Business & Finance Analyst in January 2023. He brings with him a wealth of experience in Accounting and Finance. He has a strong cross-industry background and experience supporting large, diverse workforces across the Compliance, Consulting, and Oil & Gas industries. Dundas, we welcome you to OPTS.

OPTS

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