
OPTS Q2 2023 Newsletter

It's Q2 2023! The Secretariat has put together a refreshing package for U!

The quarter opened with the OPTS MDs' engagement with the Women in Oil and Gas. You don't want to miss the details of the status of the PIA regulations, updates on the 2022 Finance Bill now the 2023 Finance Act, a warm farewell message/interview from the former OPTS ED Mr. Bunmi Toyobo, an introduction of the new OPTS ED, a special feature introducing Elozino Olaniyan the Environment & Safety Subcommittee Chairperson and many more.

We hope you enjoy this edition of the OPTS Newsletter.

PETROLEUM INDUSTRY ACT(PIA) IMPLEMENTATION

PIA and Regulatory Updates

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has gazetted sixteen Regulations as of June 2023. These regulations provide the required clarity in supporting the PIA implementation, shaping the industry's landscape and operations. However, concerns previously raised by OPTS prior to the gazetting were not fully incorporated. OPTS continues to engage NMDPRA through various channels to address and resolve these issues.

NMDPRA Gazetted Regulations	
1	Assignment or Transfer of Licence and Permit Regulations
2	Gas Distribution Systems Regulations
3	Gas Pricing and Domestic Demand Regulations
4	Gas Trading and Settlement Regulations
5	Midstream and Downstream Petroleum Operations Regulations
6	Midstream and Downstream Penalties and Enforcement Mechanisms Regulations
7	Midstream and Downstream Petroleum Alternative Dispute Resolution Regulations
8	Midstream Gas Flare Regulations
9	National Strategic Stock Regulations
10	Natural Gas Pipeline Tariff Regulations
11	Petroleum Measurement Regulations
12	Petroleum Transportation and Shipment Regulations
13	Midstream and Downstream Petroleum Environmental Regulations
14	Midstream and Downstream Environmental Remediation Fund Regulations
15	Midstream and Downstream Decommissioning and Abandonment Regulations
16	Midstream and Downstream Safety Regulations

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) shared seven updated draft Regulations in March 2023. However, key concerns raised by OPTS in earlier versions were not fully addressed in the updated drafts. Subsequent engagements and workshops were held with NUPRC to address these concerns, which provided opportunities for constructive dialogue and collaboration towards resolving outstanding issues. Following that, the Commission has released seven gazetted Regulations. OPTS is currently conducting a review of these Regulations and aggregating any concerns that exist from the draft versions.

NUPRC Gazetted Regulations	
1	Nigerian Upstream Petroleum Unitisation Regulations
2	Significant Crude Oil and Gas Discovery Regulations
3	Frontier Basin Exploration Administration Regulations
4	Nigerian Upstream Petroleum Measurement Regulations
5	Production Curtailment and Domestic Crude Oil Supply Obligation Regulations
6	Gas Flaring, Venting & Methane Emission (Prevention of Waste and Pollution) Regulations
7	Nigeria Upstream Petroleum Decommissioning and Abandonment Regulations

Two directives were issued by former President Buhari and President Tinubu regarding regulatory oversight in the oil and gas industry. President Buhari's directive confirmed NUPRC as the sole regulator of all existing crude oil export terminals in Nigeria, while mandating NMDPRA to cease any regulatory role in those established before the effective date of the PIA. President Tinubu's directive further delineated the regulatory oversight between NUPRC and NMDPRA. It affirmed NUPRC as the sole technical and commercial regulator for upstream petroleum operations and facilities, including integrated petroleum facilities. Additionally, the directive vested NUPRC with the power to qualify petroleum facilities as integrated facilities, while also mandating the Commission to establish clear guidelines and criteria to determine the integration status of facilities. OPTS would continue to closely monitor the implementation of these directives by engaging with both regulators. OPTS MDs conducted several engagements with the NUPRC Chief Executive to discuss draft Regulations, specifically focusing on the Nigerian Upstream Petroleum Measurement Regulations and Upstream Decommissioning & Abandonment Regulations. Subsequently, a workshop was

organized between OPTS and NUPRC representatives to address outstanding concerns raised by OPTS on these draft Regulations. Additionally, NMDPRA held a General Counsel and Legal Advisers forum for the oil and gas industry. The forum aimed to foster a deeper understanding of the Authority's powers, functions, and regulations among industry legal practitioners. Looking ahead into Q3 2023, OPTS is committed to maintaining active engagement with the Government, regulators, and other stakeholders. Our goal is to collaboratively address regulations and other critical industry matters, ensuring a conducive business environment for the oil & gas industry in Nigeria.

2022 FINANCE BILL

Following the OPTS rigorous advocacy drive on the Finance Bill 2022 in 1Q23 through engagements with the Presidency and other key government officials, the former President of Nigeria (Mohammed Buhari) declined assent to the Bill and requested for Stakeholders' (including OPTS) concerns to be addressed.

In May 2023, National Assembly passed an amended 2022 Finance Bill, and was assented to as **Finance Act, 2023** by former President, Muhammed Buhari on May 28, 2023 with effective date of May 1, 2023 (now deferred to September 1, 2023).

The Finance Act, 2023 addressed the most significant concern of the industry. The proposed increase in Company Income tax (CIT) rate from 30% to 50% for gas-flaring companies (described as penalty deterrent rate), and gas-flaring companies not liable to CIT to be taxed at 50% of the market value of gas flare in any given year, was expunged completely.

Key provisions of the Finance Act, 2023 includes:

- 100% (previously 66.67% max.) capital allowance now claimable on Upstream and Mid-stream gas operations.
- Aligned Petroleum Profit Tax Act (PPTA) with the Petroleum Industry Act, 2021 on some tax matters e.g. Penalty rates, Fiscal Oil Price etc.
- Increased tertiary education tax rate from 2.5% to 3%; introduced additional customs levy 0.5% ; and reduced VAT remittance date by 7 days.
- Capital gains tax of 10% on gains from disposal of digital assets e.g. convertible virtual currency and cryptocurrency.
- Removal of 10% Investment Allowance to streamline antiquated tax incentives with more targeted and effective tax incentives

Getting the proposed game-changing (investment disincentive) Company Income Tax rate increase expunged from the Bill, is a big WIN for the Finance and Tax Committees of OPTS. The several advocacy meetings, away from family, during the Christmas/ New Year holiday, at the Ministry of Finance (MoF), The Federal Inland Revenue Service (FIRS), NNPC, Upstream Commission, Midstream/ Downstream Authority, etc. did eventually pay-off!

The OPTS (Industry) will continue to sustain advocacy efforts for a stable and competitive fiscal environment in Nigeria.

WOMEN IN OIL AND GAS ENGAGEMENT WITH OPTS

The Women in Oil and Gas from the Sectorial Diversity Workstream of the Nigerian Content Consultative Forum with the primary objective of increasing female participation in the Oil and Gas sector had an engagement workshop with OPTS in a bid to enhance the diversity challenge and to partner with businesses to co-create sustained solutions that improve female participation in the Oil and Gas sector. The women in oil and gas sought to dialogue with OPTS as a critical partner and stakeholder.

In attendance from OPTS was the OPTS Chairman Richard Kennedy, Managing Director, & Chairman Chevron Nigeria/Mid-Africa Business Unit, Samson Ezugwuorie, COO, SEPLAT Energy, Victor Sodje, MD Newcross, and the OPTS Executive Director Gwueke Ajaifia.

A summary report of a Breakfast Meeting between the Nigerian Content Consultative Forum (NCCF) - Diversity Sectoral Working Group (DSWG) - of the Nigerian Content Development and Monitoring Board (NCDMB) and the Oil Producers Trade Section (OPTS), a sub-group of the Lagos Chamber of Commerce and Industry, which held in Lagos on Thursday, June 15, 2023.

Asks

- Elevate Gender Diversity as a fundamental Business Imperative across OPTS member companies.
- Implement Gender-neutrality Policies and prioritize 35 percent representation of competent women in leadership and technical positions as a strategic priority.
- Establish a robust Supplier Diversity Program and allocate 5 percent of C&P spend to women-owned businesses.
- Foster industry-level Diversity Initiatives to promote the development of a Sustainable Energy Business ecosystem.
- Vendor management training for women to play actively in key areas like major procurement, and project delivery, among others.

OPTS Commitments

- Sub-committees within the OPTS will deliberate on the 'Asks'.
- OPTS will have conversations on the 'Asks' to find common ground, and a framework will be developed in this regard.
- OPTS will keep the conversation going, even beyond the subcommittees level.
- OPTS will develop a roadmap for collaboration and support.
- OPTS will support women in identifying key champions of diversity across companies, so as to put structure in place for the implementation of the recommendations that have been made.



OPTS SECURITY SUBCOMMITTEE ENGAGEMENTS WITH SECURITY AGENCIES

The Security Subcommittee of the OPTS paid a courtesy visit to the new Joint Taskforce-Operation Delta Safe (OPDS) Commander, Rear Admiral Eugenio Ferreira at the OPDS command headquarters in Yenagoa, Bayelsa State on 6th July 2023.

The commander, who received the visiting team with his Principal Officers expressed delight at the visit. He stated that he was aware that the command has maintained a mutually beneficial relationship which has helped in sustaining the fight against oil thieves, while also ensuring that crude oil production is sustained in the country. He also pledged that his team will work assiduously towards enhancing nighttime response capability, which the team already started in Port Harcourt by the Commander of 6 Division of the Nigerian Army.

The Commander revealed that a lot has been accomplished in the fight against illegal bunkering and called for a collaborative effort in the area of intelligence sharing and logistics support.

The Security Subcommittee noted and appreciated the efforts of the gallant soldiers who are working in difficult terrain under hard conditions and promised to find ways to support the troops where necessary. Both groups agreed to work together to rid the operating domain of vandals and oil thieves while working to ensure that the entire pipeline routes are cleared of infractions.



FAREWELL MESSAGE FROM THE OUTGOING OPTS EXECUTIVE DIRECTOR MR. OLUBUNMI TOYOBO



Reflecting on my role in OPTS I believe it is potentially the best job in the oil and gas industry. It covers the depth, breadth and width of the industry. I proactively collaborated with all the OPTS member companies' MDs, being the face of the industry by engaging external stakeholders, the Presidency, National Assembly, the Petroleum Ministry as well as all the Regulatory agencies.

It has broadened my professional and personal network and given me the ability to develop both my technical capabilities and emotional intelligence.

1) How did you get the role as OPTS ED and what was the ask to you?

I was interviewed for the role by 3 IOC MDs, the OPTS Chairman - Clay Neff who was the Chevron MD at that time and is presently the president of Chevron International Exploration and Production, Nicolas Terraz who was Total Energies MD and is now the President, Exploration & Production, member of the Executive Committee of Total Energies and Osagie Okunbor Shell Production Development Company MD and Chairman Shell Companies in Nigeria.

The KPI was to make OPTS more inclusive by bringing the indigenous companies more on board and delivering a balanced PIB for the industry.

2) On taking on the job what was your vision for OPTS?

My vision was to drive greater unity across the membership base, more inclusiveness and raise the profile of the organization to be recognized as the most consequential oil and gas industry

organization in Nigeria.

Round about the time that I took over, was when IPPG was inaugurated and there were some concerns about the unity of the industry. I worked closely with Clay Neff and Demola Adeyemibero MD First E&P who was then the IPPG Chairman.

One of the strategies employed in ensuring industry alignment was for Clay and Demola to have regular quarterly engagements in which the IPPG perspective were aligned with the OPTS thinking. Indigenous company Subcom members were encouraged to be more engaging and to express their views at the Subcom meetings.

Opportunities were given to broaden the Subcom leadership by proactively bringing indigenous Subcom members into leadership roles. In addition, there were about 21 OPTS Member companies. The number rose to 30 and occasionally some member companies were terminated from non-payment of their dues and we presently have 28 members.

In addition, I also wanted to improve and upscale the OPTS brand to be recognized as the key oil and gas industry organization in Nigeria.

My understanding is that Nigeria today has the best-organized and most collaborative oil and gas industry association globally. This is based on feedback from experts and international organizations on how we collaborate to work as an industry group and engage the FGN (regulators, NNPC and the National Assembly) on key industry issues.

3)What were the challenges of the role?

The initial challenges were to manage government agencies from referring to OPTS as a cartel. We had to work with increased transparency and collaboration with government agencies in order to change that negative perception. Today, government agencies reach out to us to get our perspectives and views on a lot of issues and we are now more positively sought after as the first port of call by government agencies. To buttress this the National Assembly and all the regulatory agencies reach out to us for input on all oil and gas related issues.

Secondly, managing all the different interest groups within the OPTS family was a tall order. I had to work the fine line in balancing the business and commercial drivers of each member company in order to align on messaging.

Thirdly, we regularly have issues that need immediate resolution such as the 2022 Finance Bill and the Non-residence vessel owners tax issue which occasionally blindsides us that had to be immediately resolved.

For example, the 2022 Finance Bill concerns popped up during my daughter's wedding over the Christmas period and I had to reach out to the relevant Subcom members during the holidays we worked tirelessly day and night to come up with our advocacy position. Also, the non-residence vessel owners issue came up on a Friday late afternoon and I was in discussion with Rick Kennedy the OPTS chairman at 11pm and 6:03am the following Saturday morning we were discussing strategies to manage the issue.

The Finance, Tax, Ops & Terms and Secretariat team members were all pulled into a meeting at 11am on Saturday morning to agree on the way forward.

I would like to take the opportunity to thank all the Subcom members that have gone beyond the call of duty in supporting the industry advocacy positions.

4) What were some of the biggest surprises or remarkable memories?

During the reading of the PIB of the 9th Assembly, I lead a contingent of OPTS MDs to the National Assembly. The Senate Upstream chairman Bassey Akpan suddenly introduced a twist into the discussions requesting that the auditorium should be locked and that we were given 30mins to agree and come up with what we wanted in the PIB. This could potentially have been hilarious but the situation was quite serious.

All the OPTS MDs had to scramble to call their head offices and get inputs on the agreeable Fiscal for PIB. It was a difficult situation to reach alignment and we all had to skillfully negotiate our way out of this situation and promise to revert as soon as possible before we were finally released.

5)What are you most proud of as you are looking back on the role?

There were a couple of high points during my tenure and I am grateful for the teamwork across OPTS with the Secretariat team, Subcom members and the MDs.

The OPTS @55 and @60 celebrations were both industry highlights. OPTS @ 55 celebration was the first time that OPTS will agree to host a public event.

The Vice President – Prof Yemi Osinbajo was invited, but nobody believed he would attend. The trump card unknown to the MDs was that I have a relationship with him, which enabled him to

agree to attend the event.

The OPTS at 60 was even more a remarkable black-tie event. All the regulatory agencies were in attendance, the Vice president also attended and he made a brilliant speech.

This event showcased all the good things about OPTS and dramatically increased our brand perception and acceptability by the Government.

I believe the 60th anniversary of OPTS that we celebrated last year has been a great milestone and moment to look back at our achievements as an industry and as a country.

a. OGFZA's proposed 3% surcharge on revenues of IOCs in the free zone surcharge in court leading to OGFZA withdrawing the charges.

b. Withdrawal of Trobell demand in respect of S.16(1) of the PSC Act which would have negatively impacted the industry by circa \$55B.

c. Organized advocacy training of MDs and Subcom leads by London Business School in 2019 and Lagos Business School (LBS) in February 2021.

d. After a tough negotiation with our Bankers, we succeeded in obtaining 1% interest on OPTS dollar account in 2021.

e. Established the practice of audit of OPTS financial records by one of the big four audit firms for the 1st time in OPTS history in 2017 with the first audit covering years from 2012-2016.

f. Enhance Subcommittee effectiveness towards achieving OPTS advocacy objectives.

g. Increase participation of indigenous member companies across several initiatives (e.g. inventory sharing, logistics)

h. Instituted OPTS Subcommittee Performance Appraisal and Recognition to improve subcommittee performance

i. Facilitate enhanced stakeholder engagements during the implementation phase of the PIB (incl. MoSP, NMDPRA, NUPRC, GMD NNPC, NUIMS and NUCOP)

j. Successful intermeddling between OPTS and NPA/Association of Stevedore to create a pathway for a peaceful working relationship.

k. Supported three (3) OPTS significant projects during my tenure:

i. Desk Top Review of Produced Water Discharge Studies

ii. Nigerian Well Classification Guideline Review

iii. OPTS Gas Debt Data Collection

l. Improved the processes and structures in the OPTS Secretariat for efficiency and effective support of OPTS advocacy.

6)Where do you see OPTS in the short to medium-term future? With the new administration of President Bola Ahmed Tinubu.

OPTS will continue to build on the solid foundations of the past few years. OPTS member companies are poised for growth and are keen on increasing production and their bottom-line net profit.

With energy access, affordability and sustainability as key topics, this is becoming more important and is a priority for Nigeria.

The Tinubu administration has already signaled to the global investor community that they are willing to work hard to attract increased investment in the country that would generate economic activity and thereby increase GDP and energy access for its populace. Creating the right prerequisites and signals will generate confidence and should then lead to investments in the energy sector.

To make this work it remains a priority to work closely together between all the stakeholders and OPTS is going to continue to play a key role in that.

Profile Feature

Meet the Environment & Safety Subcommittee Chairperson



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

I am Elozino Olaniyan, the General Manager, Safety & Environment for Shell Companies in Nigeria. My work experience in the Oil and Gas industry spans over three decades of Petroleum Engineering, Hydrocarbon Resource Volume Management, Business Planning, Domestic Gas commercialization, asset commercial and more recently, Safety & Environment. My journey in OPTS started in 2022 when I took up the GM Safety & Environment role for Shell Nigeria and it has been an interesting and rewarding experience.

2) Introduce your Subcom and its importance in the industry

My Subcom is Safety & Environment, and that's the bedrock of all that we do in the industry. The relevance of Safety is well known as we work in a high-risk environment, the importance of conducting our operations safely and ensuring everyone who works for us goes back home safely is clear to all. The focus on the Environment is even more important now as the world looks into solving the energy trilemma and the commitments that nations and organizations have made following the Paris Agreement and subsequent COPs.

My Subcom is in the forefront providing Subject Matter Expert advice into the advocacy efforts of OPTS to support the formulation of effective policies and regulations for our industry. The subcom supports the work of contextualizing the impact of draft and emerging regulations, and providing expert advice on how these impacts can be best mitigated.

3) What has been most rewarding about your role?

The most rewarding aspect of this role are the people, my subcom members. There is a large network of safety and environment professionals from across the industry that meet monthly and I have met strong and knowledgeable people passionately and diligently working to meet the OPTS objectives. It has also been quite rewarding to see our advocacy work contribute to effective regulations and subsequently national development. For example the subcom spent a substantial amount of time engaging regulators in 2022 on the emerging regulations and it was good seeing some of that effort reflecting in the final outcomes.

4) What is most challenging about your role?

The most challenging aspect for me is time management. Balancing the workload of my job as a GM for Safety and environment of an organization with such a large footprint as Shell on one side and keeping track of all the very important moving parts of responsibilities in OPTS requires deliberate planning.

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

One that I can share is our recent advocacy with NUPRC on the new regulations on Environmental Impact Assessments last year and being able to get some of our input reflected in the final regulations issued.

Also, we have been able to progress a Mutual Assistance Plan beyond a draft, this plan addresses how as an industry we can collaborate on emergency response. The draft document has been reviewed at EXCOM and currently being finalized with their feedback. The Emission Reduction workstream is another good example, working with the

knowledge across the industry, a strategy document has been developed and a road map to how we can make reduction commitments and track progress is being developed.

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

That I'm a certified Scuba Diver always gets people's attention.

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

This question assumes I keep a work/life balance (smile), but the truth is no one has it all figured out. We are all on a continuous improvement journey to ensure we have a work/life balance. A couple of things I do to thrive – some days I win and some I lose. First is getting 1hr of exercise daily. Second is attempt to sleep 8 hours (which I fail woefully most days). But most importantly is to ensure that I do not carry over work stress to the home and vice versa – keep the lines of separation clear. It is also important to maintain a good network of friends whom I can be myself with and have a good laugh from time to time.

8) What is your philosophy on life?

The most important thing for me is to pursue peace with all men. It is important that with the kind of work we do, we do not carry unnecessary stress from work into our personal life and vice versa. The earlier you address issues, the better for everyone. So, when I'm tempted to get overheated on an issue I pause and ask myself if it's worth it. If we are honest with ourselves, most of the things we lose sleep over and get upset are things we shouldn't be spending our energy on, sometimes just walk away.

INTRODUCTION OF THE NEW OPTS EXECUTIVE DIRECTOR MR. GWUEKE AJAIFIA

I am truly excited to join the OPTS family at a time when our industry is facing both significant challenges and tremendous opportunities. From my perspective, this is an unprecedented moment to shape the creative and innovative solutions that the Nigerian oil and gas sector will need to be both competitive and resilient for decades to come. I look forward to bringing to bear my three decades of experience in the oil & gas sector to help drive consequential change and collaboration in our industry.

Over the last ten years, our industry has seen the progressive drying up of investment in new developments and the drastic drop in oil production. This unpleasant turn of events is largely due to lack of an investment-friendly climate coupled with insecurity in the operating environment. This challenge has been further compounded as the global energy transition has accelerated – the Nigerian oil and gas basin remains at the higher end of the emissions spectrum.



Over the years, OPTS has become the stakeholder of choice, championing the cause for good governance, laws and regulations that would attract high-grade international investments to robustly develop the country's vast oil & gas resources.

My vision for OPTS is to be the voice of the industry, a platform to help strengthen our common interests. I will therefore be pushing for greater cooperation amongst members, both indigenous and international oil companies because I believe that there is more that binds us together than that which separates us. I will focus on driving collaboration to increase the efficiency of our operations and bring down costs while ensuring the highest respect for health, safety, and the environment. Reduction of the industry's carbon footprint remains a collective priority.

Though the PIA has been passed and is being implemented, OPTS is keen to work with relevant stakeholders at the earliest opportunity to fine-tune the PIA to bring maximum benefit to the country while ensuring growth and sustainability of the industry. We must work proactively with the regulators, lawmakers and other industry players in shaping policies that would strengthen the industry, develop local capacity to international standards and make Nigeria once again the investment destination of choice in the oil and gas sector.

OPTS

Copyright © 2022 Oil Producers Trade Section

Designed by [SoftWorks Limited](#)

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe](#) from this list.