

## OPTS Q3 & Q4 2023 Newsletter

**Welcome to Q3 & Q4 2023! The Secretariat is thrilled to present an exciting package just for you.**

These quarters kicked off with dynamic engagements involving NUPRC and various Government Stakeholders. The newsletter contains essential details on the current status of the PIA regulations that you won't want to miss. Additionally, we proudly share details about our groundbreaking engagement with the National Assembly that was planned and executed by OPTS and IPPG. Other featured updates include insights from our meeting with the Inspector General of Police, insights from the Petroleum Contractor Trade Section meeting, and a special feature introducing Olamide Jegede, the OPTS EXPLORATION & DEEPWATER Chairman, among other noteworthy topics. We trust you'll find this edition of the OPTS Newsletter both informative and engaging.

## PETROLEUM INDUSTRY ACT(PIA) IMPLEMENTATION

### Explanation of Progress (Q3/Q4)

The last two quarters have seen significant developments in Nigeria's regulatory landscape. In August 2023 we received a presidential directive that brought enhanced clarity to the roles of the NUPRC and NMDPRA, specifically addressing overlapping responsibilities in export terminal operations.

During this period, the NUPRC gazetted 6 regulations and 6 drafts for stakeholder input. These include; unitization, significant discoveries, decommissioning and abandonment, measurement, and environmental matters (for the full list, see table 1). Concurrently, the NMDPRA released regulations on environment and safety and proposed new draft regulations in October to refine the industry's operational framework[ Not exhaustive]. Key concerns center on domiciliation of funds in the D&A regulations, the allocation of responsibilities in the measurement regulations, and amendments to the Host Communities fund. OPTS has led extensive advocacy efforts around these concerns. Additionally, the NUPRC formed a committee to address the challenge of inactive oil blocks, aiming to enhance resource management and operational efficiency in the industry. Finally, The Corporate Social Responsibility (CSR) bill was introduced and has passed 2nd reading. The Bill is concurrently going through the senate. The CSR Bill mandates extractive companies to allocate 5% of net profits for CSR.

Two amendment bills were introduced in the House of Representatives. These were aimed at expanding the NMDPRA's regulatory scope and increasing financial commitments to host community development.

Lastly, NNPC Ltd completed its internal restructuring including key executive appointments: President Bola Tinubu retained Mele Kyari as the Group Chief Executive Officer of the NNPC and appointed Chief Pius Akinyelure, a former member of the board as its new Chairman. Other appointments were: Mr. Musa Tumsa; Ghali Muhammad; Prof. Mustapha Aliyu; Mr. David Ogbodo and Ms. Eunice Thomas, all as non-executive directors.

## Summary of Other Elements

### Stakeholder Forums/Meetings

- **NUPRC Draft Regulation Consultations:** NUPRC held a stakeholder consultation forum in November which OPTS participated in
- **Domestic Crude Supply Obligations Meeting:** A meeting was held with producers on the DCSO in November
- **NASS Capacity building workshop:** OPTS held a capacity building workshop with NASS, bringing various topics such as deepwater fiscals and gas development to the table

### Executive Appointments

- **NNPC Ltd's New Leadership:** NNPC Ltd restructured their management and appointed a number of people to key roles

### Committee Formations

- **Committee on Inactive Oil Blocks:** NUPRC formed a committee to address the issue of inactive oil blocks

Regulations and Their Status		
Regulation	Status	Regulator
Nigerian Upstream Petroleum Unitisation Regulations	Gazetted	NUPRC
Significant Crude Oil and Gas Discovery Regulations	Gazetted	NUPRC
Upstream Petroleum Decommissioning and Abandonment Regulations	Gazetted	NUPRC
Upstream Petroleum Measurement Regulations	Gazetted	NUPRC
Production Curtailment and Domestic Crude Oil Supply Obligation Regulations	Gazetted	NUPRC
Gas Flaring, Venting & Methane Emission (Prevention of Waste and Pollution) Regulations	Gazetted	NUPRC
Midstream and Downstream Petroleum Environmental Regulations	Gazetted	NMDPRA
Midstream and Downstream Petroleum Safety Regulations	Gazetted	NMDPRA
Midstream and Downstream Environmental Remediation Fund Regulations	Gazetted	NMDPRA
Midstream and Downstream Decommissioning and Abandonment Regulations	Gazetted	NMDPRA
Acreage Management Regulations	Draft	NUPRC
Upstream Petroleum Sector Code of Conduct and Compliance Regulations	Draft	NUPRC
Nigeria Upstream Petroleum Development Contracts Administration Regulations	Draft	NUPRC

Regulation	Status	Regulator
Nigerian Upstream Petroleum Assignment of Interests Regulations	Draft	NUPRC
Nigerian Upstream Petroleum Commercial Regulations	Draft	NUPRC
Nigerian Upstream Petroleum Revocation of Licences and Leases Regulations	Draft	NUPRC
Nigeria Upstream Petroleum (Administration Harmonization) Regulations	Draft	NUPRC
Nigeria Upstream Petroleum Host Communities Development Regulations (Amended)	Draft	NUPRC
Third Party Access and Open Access Regulations	Draft	NMDPRA
Separation of Licensed Activities and Surrender of Licence or Permit	Draft	NMDPRA
Registration of Licences Permits and Authorizations	Draft	NMDPRA
Disposal of Confiscated Materials and Equipment	Draft	NMDPRA
Data Repository	Draft	NMDPRA
Code of Conduct	Draft	NMDPRA
Anti-Competition and Customer Protection	Draft	NMDPRA
Amendment bill: Bill to give the NMDPRA the powers to regulate of the Biofuel Industry	Draft	
Amendment bill: Bill to increase the amount paid to the Host Community Development Trust Fund from 3% to 10% of opex	Draft	

## **OPTS/IPPG NATIONAL ASSEMBLY CAPACITY BUILDING WORKSHOP 30TH OCTOBER 2023.**

The National Assembly (NASS) Capacity Building Workshop was a significant event for industry stakeholders, concentrating on the challenges and prospects in the oil and gas sector following the enactment of the Petroleum Industry Act (PIA).

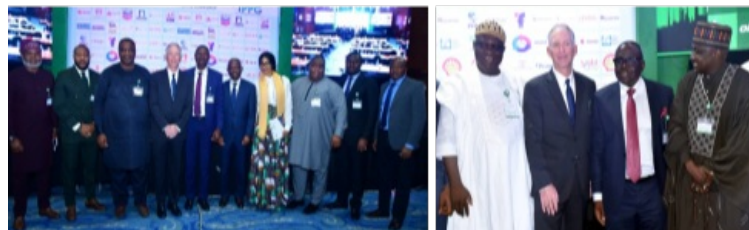
Mr. Rick Kennedy, in his opening address, stressed the importance of collaborative efforts in effectively navigating the PIA, highlighting the act's role in shaping the future of the industry. He expressed the intent to clear some misconceptions about the industry and understand the concerns and expectations of lawmakers.

IPPG Chairman Abdulrazaq Isa's presentation centered on the current market conditions and the impact of the PIA. He specifically called for amendments to the PIA, identifying areas where modifications could enhance its alignment with the industry's operational realities and investment requirements. His remarks emphasized the need for ongoing revisions to the Act to ensure it remains effective and relevant.

The panel discussion that followed brought together a varied group of industry experts and legislative authorities. They engaged in a detailed examination of the PIA, discussing its influence on investment trends, operational efficiencies, and regulatory frameworks. This session provided a thorough exploration of the PIA's varied impacts from multiple sector perspectives.

In the afternoon, the workshop featured sessions led by experts focusing on the practical implementation of the PIA. These segments offered deep insights into the operational challenges and potential hurdles that companies might encounter under the new regulatory environment.

The workshop concluded with a proposal for the creation of a working group dedicated to continuously assessing and addressing the challenges faced by the industry under the PIA. This proposal, well-received by the participants, marked a proactive approach towards collaborative problem-solving and adapting to the changing dynamics of the oil and gas industry.





## OPTS COURTESY VISIT TO MINISTER OF STATE FOR PETROLEUM 26TH SEPTEMBER 2023

The OPTS delegation visited the Minister of State for Petroleum on 26th September 2023. The meeting was a strategic dialogue aimed at addressing various issues pertinent to the oil and gas industry.

During the meeting, key topics of discussion included the challenges currently facing the industry, the trends in investment, and the impact of the Petroleum Industry Act (PIA) regulations. The Minister expressed his commitment to addressing these challenges and working closely with industry stakeholders to foster a more conducive business environment.

The Minister engaged thoroughly on these topics, acknowledging the need for a review if PIA laws lead to increased fees and rates, complicating business operations rather than facilitating them. He emphasized the intent of laws to simplify and improve business processes.

Significantly, the Minister sought recommendations from OPTS on various fronts:

- Proposals to drive investment in deep offshore projects.
- A review of a plethora of fees, including new ones introduced pursuant to the PIA.
- An analysis of strategies employed by other regions to attract oil and gas investments.

The Minister expressed a strong desire to implement changes that would enhance the industry's performance, particularly in improving production levels. He mentioned his recent discussions with the NUPRC and the Special Adviser on Energy, reaffirming his commitment to adopting their recommendations.

A key outcome of the meeting was the agreement on regular engagements between OPTS and the Minister. The Minister proposed quarterly meetings to ensure sustained dialogue and effective problem-solving. He also supported OPTS's initiative for monthly interactions with both NUPRC and NMDPRA to address industry concerns more efficiently.

Additionally, the minister expressed interest in understanding the factors driving IOCs' decisions to sell onshore and shallow water assets, acknowledging the government's efforts to expedite these sales to propel industry progress.

This visit marked a significant step in reinforcing the collaborative relationship between OPTS and the Ministry, focusing on addressing challenges and enhancing the operational environment of the oil and gas industry.



## **FIRS MULTI-STAKEHOLDERS ENGAGEMENT ON THE NON-RESIDENT SHIPPING COMPANIES TAX 20th NOVEMBER 2023**

The Federal Inland Revenue Service (FIRS) convened a multi-stakeholder engagement on the taxation of Non-Resident Shipping Companies (NRSCs) on 20th November 2023. This meeting, organized in collaboration with the Oil Producers Trade Section (OPTS), was aimed at resolving tax-related issues affecting NRSCs operating in Nigeria.

Dr. Zacchaeus Adedeji, Executive Chairman of FIRS, outlined the government's intention to enhance Nigeria's tax-to-GDP ratio without introducing new taxes but by widening the tax net. Emphasizing the oil and gas industry's role in this endeavor, he noted the grace period granted to NRSCs for regularizing their tax records and paying outstanding liabilities. The FIRS expressed readiness to enforce Nigerian tax laws post the grace period, urging NRSCs to voluntarily comply.

The meeting saw active participation from various stakeholders, including representatives from OPTS, NRSCs, tax consultants, and legal practitioners. Key points raised during the engagement included the legal framework for taxing NRSCs, the application of double tax treaties, and the obligations of taxpayers in Nigeria.

INTERTANKO's representative highlighted practical concerns such as clarifications on tax payment responsibilities, the multiplicity of taxes, and administrative compliance burdens. The International Chamber of Shipping (ICS) representative echoed the need for a speedy resolution and suggested extending the grace period.

The FIRS acknowledged these concerns and reassured stakeholders that the aim was not to disrupt business operations but to ensure equitable tax administration. They encouraged NRSCs to engage individually with the FIRS to resolve tax disputes, emphasizing the confidentiality of tax matters.

### **Concessions granted by FIRS to NRSCs**

(i) The CD STOG indicated that there will be a full waiver of penalty and interest charges for NRSCs that resolve the outstanding tax issues with the ITD by 31 December 2023.

(ii) The following additional concessions will be granted to NRSCs that regularise their tax position between 1 January and 31 March 2024:

- 75% waiver of penalty and interest if outstanding tax issues are resolved by 31 January 2024.
- 50% waiver of penalty & interest if outstanding tax issues are resolved by 29 February 2024.

- 5% waiver of penalty & interest if outstanding tax issues are resolved by 31 March 2024.

(iii) From 1 April 2024, no waiver of penalty and interest charges will be granted to NRSC on their outstanding tax liabilities.

The engagement concluded with closing remarks from both FIRS and OPTS representatives. The FIRS reiterated its commitment to tax law administration and encouraged NRSCs to engage proactively in resolving tax disputes. OPTS appreciated the FIRS for the concessions granted and encouraged NRSCs to start engaging with the FIRS to resolve the issues in dispute.

This meeting marked a significant step towards resolving the taxation challenges of NRSCs in Nigeria, with a focus on fostering a collaborative approach between the FIRS and industry stakeholders.



## WOMEN IN OIL AND GAS ENGAGEMENT WITH OPTS HR SUBCOMMITTEE



The Women in Oil and Gas (WeOG) engagement with the OPTS HR Subcommittee was a

significant event, focusing on the promotion of inclusion and diversity within the industry. This workshop, held in collaboration with the Secretarial Working Group (SWG) of the National Content Consultative Forum (NCCF), was a platform for discussing and sharing best practices in these crucial areas.

Key representatives from various OPTS member companies, including ExxonMobil, Chevron, Shell, Seplat, Oando, Heirs Oil, WalterSmith, ENI, and HSI Energy Resources, attended the event. This diverse participation underscored the industry-wide commitment to fostering an inclusive and diverse work environment.

The workshop facilitated an exchange of ideas and strategies to enhance inclusion and diversity within the participating organizations. Discussions revolved around implementing effective policies, creating supportive networks, and encouraging a culture of inclusion at all levels of operations.

Representatives shared insights from their respective companies, highlighting successful initiatives and challenges faced in promoting diversity. These experiences provided valuable learning opportunities for all participants, allowing them to gain perspectives on different approaches to inclusion and diversity.

This engagement was a step forward in the ongoing efforts to build a more inclusive and diverse oil and gas industry. It reinforced the importance of collaboration and knowledge sharing in driving positive change in workplace cultures across the sector.

## **OPTS SECURITY SUBCOMMITTEE COURTESY VISIT TO THE INSPECTOR GENERAL OF POLICE 27th OCTOBER 2023**

The Executive Director of OPTS, Gwueke Ajaifia led the Security Sub-Committee of the organ on a courtesy visit to the Inspector General of Police, IGP Kayode Egbetokun on 27th October 2023 at the Police Force Headquarters building in Abuja.

The IGP, who was supported by the leadership of the Force Management Team (FMT) comprising of all the DIGs, AIGs and tactical heads, warmly received the visiting team, expressing his delight and willingness to support the aspirations of the OPTS in ensuring a peaceful operational domain.

Following the OPTS security sub-com's presentation which detailed the security challenges militating against harmonious operations, the IGP committed to supporting the industry security by immediately granting a waiver to the industry on the usual requirement for IGP's revalidation of permits for the deployment of policemen, use of strobe lights and siren for the industry amongst other requests.

Other reprieves that the IGP granted the industry include the following:

- a. No requirement for OPTS member companies to revalidate/renew strobe light permits, tint permits or IGP permits for police escorts or deployments. He directed DIG operations to send a signal to police formations in this regard.
- b. The IGP directed DIG operations to order a security review of the threat profile of the Ohaji/Egbema, Izombe, Oguta and Ahoada axis of the Niger Delta to proffer solutions that will neutralize the activities of IPOB and cultists in the general area.
- c. The IGP directed the DIG Operations (Ede Ayuba) to be focal point for providing adequate security for the industry to operate unhindered by security challenges.

d. The IGP also informed the visiting team that he was working on setting up a new amphibious/marine unit that will work with the industry to checkmate the activities of oil vandals in the maritime domain, while also developing new initiatives to address oil theft issues and will revamp units that will engage in greater involvement with resolution of community grievances that are disruptive to oil and gas operations.

Following meeting, NPF made a press release on meeting. Please use link to police press release on engagement: <https://punchng.com/IG-seeks-collaboration-to-end-oil-theft/>



## **NEITI COMPANIES' FORUM MEETING 23rd NOVEMBER 2023**

Photos from the NEITI Engagement.





**OPTS DONATION OF MEDICAL EQUIPMENT AND ENGAGEMENT WITH THE LAGOS STATE HEALTH**

## COMMISSION 21ST NOVEMBER 2023

The Medical sub-committee of the Oil Producers' Trade Section (OPTS), donated twenty (20) multiparametric patient monitor devices to the Lagos State Hospitals under the Health Service Commission at 1, Ganiu Smith Street, Lagos Island.

The donation is a CSR initiative of the OPTS aimed at giving back to our host communities. This gesture will support the healthcare delivery efforts of the State by improving capacity in the care of critically ill patients.

The OPTS delegation led by the Executive Director, Mr. Gwueke AJAIFIA presented the items to the Permanent Secretary, Lagos State Health Service Commission, Dr Benjamin ENIAYEWUN, in the presence of other directors of the Commission. Mr. AJAIFIA commended the government of Lagos state for the exemplary work in protecting the health of the people of Lagos State and expressed appreciation for the support provided to OPTS members by the State health authorities during the COVID-19 pandemic.

Receiving the donations, the Dr ENIAYEWUN expressed appreciation to the OPTS for the donation, affirming that his team is surprised by the gesture because the donation was unsolicited. He commended OPTS for the foresight and desire to improve capacity in the State's healthcare delivery system. He requested his team to deploy the equipment to the hospitals in need immediately.

The event ended on a friendly note and with group photographs.



## 2023 PRACTICAL NIGERIA CONTENT(PNC)

The ED OPTS presented the Marine Accelerator program at the 2023 Practical Nigeria Content (PNC) held 4th - 7th December 2023 in Yenagoa. The program is aimed at improving the safety and quality performance of Marine contractors in the oil and gas industry in Nigeria. The presentation is to announce the program to the marine contractors ahead of the official invitation to the classroom training. The training will be delivered by globally respected providers NLNG Shipping and Marine Services Limited (NSML) in partnership with Maersk training arm at the NSML facility in Bonny Island. He was also a panelist at the event on the topic Defining a Sustainable Framework for Human Capacity Development.



### Profile Feature

**Meet the OPTS EXPLORATION & DEEPWATER Chairman**



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

I am currently in charge of Geosciences discipline within Oando Energy Resources and its affiliates. I was previously the Asset Manager in charge of OML 13 Qua Ibo. I began my career at a geotechnical and geophysical engineering firm, Folaina Associate Nigeria and have since garnered over 25 years' post graduate experience spanning Exploration, Operations Geology, Formation Evaluation, Field Development and Reservoir Management working for different multi-national oil companies such as Esso Exploration, Shell Petroleum Development Company and Chevron Nigeria Limited and BG Exploration and Production Nigeria Limited Prior to joining Oando, I spent the over five years of my career with BG international on expat assignment to BG Trinidad and Tobago based in Port of Spain as Principal/ Discipline Lead with responsibilities to look at the functional aspects of Poinsettia Gas field development and Dolphin field Phase 2 development amongst other responsibilities and in Rio de Janeiro, Brazil in Subsurface Development Team with functional responsibilities towards the appraisal and development of the world class multi-billion barrels giant carbonate fields Lula (Tupi), Iracema, Guara, Iara and Carioca which constitute almost half of BG group in terms of value at that time before Shell Takeover. It was in 2014 when I was preparing for my next assignment possibly Australia that I was headhunted to return home to join Oando following its acquisition of ConocoPhillips assets in Nigeria. I hold bachelor's degree in Geology from the University of Ibadan, Nigeria, and a pioneer alumnus of the prestigious Robert Gordon University/Shell Intensive Training Programme (SITP) I also hold Postgraduate Diploma in Innovation and Design Thinking (PGDID) from Emeritus in Conjunction with MIT Management Executive Education, Columbia Business School & Tuck Executive Education at Dartmouth. My journey with OPTS as Exploration & Deepwater Group subcom chairman started in March 2023 so I am still relatively new in this position although I was the Vice Chair for about 1 year prior to taking up this position.

### **2) Introduce your Subcom and its importance in the industry**

Exploration Subcom is one of the most important subcoms of OPTS and E&P industry. We all know that without past exploration we would not have had this industry and by extension I make bold to say that without exploration "today and tomorrow" the industry's future is not guaranteed, so to that extent exploration secures the future of this revered industry. The primary responsibility of the Exploration Subcommittee is to help develop strategies and ideas to support OPTS advocacy such that the operating companies are incentivized and encouraged to continue to invest in exploration activities.

### **3) What has been most rewarding about your role?**

The fact that the role gives access to working and networking with very experienced professionals from different companies sharing ideas would be my most rewarding because I consider myself privileged to have this opportunity that potentially can be leveraged upon even after completing my time as the chairperson.

**4) What is most challenging about your role?**

I think what has been the most challenging about the role is how to continue to sustain the interest of members within the subcom especially coming out of COVID-19 and a bit of apathy to exploration drilling my operating companies most especially indigenous operators, but so far so good we have managed to achieve that and hopefully we continue this path.

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

My major accomplishment so far has been to be able to get the commitment of NUPRC to participate in the subcoms Well Classification Guidelines (WCG). Aligning with NUPRC on these Guidelines is very critical because it has commercial implications to our business.. Before I assumed role, this engagement has dragged on for long and with the support of the Excom and subcom members we were able to resolve this issue. So, we are looking forward to having our first WCG workshop.

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

I like to dance a lot if the music is stimulating so much so that I am always the last to leave the dance floor. I also speak a bit of Portuguese.

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

I find time to spend time with the family whenever I can to watch films especially comedies that can induce laughter because it helps me to “de-stress”. Also I do a bit of light exercise walking or swim which is good for aerobics.

**8) What is your philosophy on life?**

Treat others as you want to be treated because I believe what goes around comes around.



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