

OPTS Q2 2024 Newsletter

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OPTS Q2 Newsletter

Welcome to the Second Quarter of 2024!

The Secretariat is excited to present the dynamic engagements we have had this quarter through collaborative efforts with our esteemed subcommittees and stakeholders across the industry. A major highlight for the 2nd quarter is the launch of the long-anticipated Marine Accelerator Training Programme as well as our various engagements with regulators and industry stakeholders. This newsletter also offers essential updates on the current state of the Petroleum Industry Act regulations, and a special profile feature on the Ops & Terms Subcommittee Chairman which you won't want to miss.

We trust you'll find this edition of the OPTS Newsletter both informative and engaging.



PETROLEUM INDUSTRY ACT (PIA) IMPLEMENTATION

Regulatory actions

[NUPRC technical workshops](#)

As part of the PIA implementation, NUPRC held two technical workshops (May 8th to

10th and June 25th to 28th) to review 15 draft regulations with OPTS, NNPC, and IPPG. The following table summarizes the regulations discussed.

#	Regulations	Status
1	Upstream decommissioning and abandonment regulations (funds)	Gazetted
2	Upstream petroleum measurement regulations	Gazetted
3	Upstream petroleum host communities development regulations (amendment sections)	Gazetted
4	Production curtailment and domestic crude oil supply obligations regulations	Gazetted
5	Upstream petroleum safety regulations	Draft
6	Upstream petroleum assignment of interest regulations	Draft
7	Upstream petroleum advance cargo regulations	Draft
8	Upstream petroleum environmental remediation fund regulations	Draft
9	Upstream petroleum fees and rents regulations	Draft
10	Upstream petroleum administration harmonization regulations	Draft
11	Upstream petroleum sector code of conduct regulations	Draft
12	Upstream revocation of licenses and leases regulations	Draft
13	Upstream petroleum development contracts administration regulations	Draft
14	Upstream commercial regulations	Draft
15	Acreage management drilling and production regulations	Draft

OPTS engaged thoroughly during the workshop through representation from various subcommittees and attained alignment on various key concerns with NUPRC. OPTS is committed to ongoing collaboration with NUPRC to ensure the alignment reached during workshop is reflected in the amended regulations, including the Upstream petroleum fees and rents regulations where NUPRC is yet to send the amended draft regulations for stakeholder review.

NUPRC regulations review

On June 27, 2024, NUPRC shared the amendments to the Decommissioning & Abandonment (funds) regulations for stakeholders' review. This was a follow-up to the discussions held on the same regulations in the May 8th to 10th technical workshop. OPTS provided pertinent concerns and recommendations to NUPRC.

NMDPRA regulations review

On April 30, 2024, OPTS held an engagement with NMDPRA to review draft midstream host community regulations. Following this, NMDPRA shared amended regulations on June 28 for stakeholders' review.

On June 4, 2024 NMDPRA shared draft Midstream and Downstream petroleum fees regulations for stakeholders' review. The regulations combine the revised fees in existing 8 Midstream and Downstream regulations into one document. OPTS reviewed the regulations and provided its concerns and recommendations to NMDPRA on June 24, 2024.

Government Reforms

Policy Directive Implementation

On April 23, 2024 the Minister of Finance and Coordinating Minister of Economy issued Implementation Guidelines for the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order, 2024. The guidelines include:

(i) Fiscal incentives implementation details the provisions for gas tax credit and gas tax allowances for NAG greenfield development , and gas utilization investment allowances for midstream gas utilization companies.

(ii) NUPRC guideline on hydrocarbon liquid content provides details on the determination and measurement of hydrocarbon liquid content in NAG fields.

The table below explains the determination of Gas Tax Credit and Gas Tax Allowance.

#	Description			Hydrocarbon Liquids Content per MMSCF		
				0-30 MMSCF	30-100 MMSCF	Above 100 MMSCF
1	Gas Tax Credit	Subject to maximum of 10 years	Lower of: (a)	USD 1 per MSCF	USD 0.5 MSCF	Revert to existing legislations
			(b)	30% of Fiscal Gas Price	30% of Fiscal Gas Price	Revert to existing legislations
2	Gas Tax Allowance		Lower of: (a)	USD 0.5 per MSCF	USD 0.5 MSCF	Revert to existing legislations
			(b)	30% of Fiscal Gas Price	30% of Fiscal Gas Price	Revert to existing legislations

These guidelines are intended to clarify the recent policy directives and provide definition of key terms and illustrative examples. OPTS identified key concerns with the directives and shared its concerns and recommendations with SA (Energy), NUPRC and FIRS.

Nigeria Oil and Gas Industry Content Development (NOGICD) Bill

National Assembly shared updated drafts on the NOGICD Bill in April and May 2024. The Bill seeks to replace the current NOGICD Act 2010. OPTS as a key stakeholder shared its comments with the National Assembly through multiple engagements and a position paper.

NCDMB local content implementation modalities

On June 3, 2024, NCDMB shared the implementation modalities for the Presidential Directive on Local Content Compliance Requirements, 2024 for stakeholders to review. OPTS reviewed the modalities and shared the feedback with NCDMB.

Regulation Status

NUPRC regulations and their status (13 drafted and 12 gazetted)

Regulation	Status
Acreage management drilling and production regulations	Draft
Upstream petroleum safety regulations	Draft
Nigerian upstream petroleum advance cargo regulations	Draft
Upstream petroleum environmental remediation fund regulations	Draft
Upstream petroleum environmental regulations	Draft
Amendment sections of the Nigerian upstream petroleum host communities development regulations	Draft
Nigerian upstream commercial regulations	Draft
Nigerian upstream petroleum assignment of interest regulations	Draft
Nigerian upstream petroleum development contracts administration regulations	Draft
Nigerian upstream petroleum administration harmonization regulations	Draft
Nigerian upstream petroleum sector code of conduct regulations	Draft
Nigerian upstream revocation of licenses and leases regulations	Draft
Upstream petroleum fees and rents regulations	Draft
Host communities development regulations	Gazetted
Unitization regulations	Gazetted
Gas flaring, venting and methane emissions (prevention of waste and pollution) regulations	Gazetted
Upstream decommissioning and abandonment regulations	Gazetted
Frontier basins exploration administration regulations	Gazetted
Significant crude oil and gas discovery regulations	Gazetted
Conversion and renewal regulations	Gazetted
Nigerian upstream petroleum measurement regulations	Gazetted
Domestic gas delivery regulations	Gazetted
Petroleum licensing round regulations	Gazetted
Petroleum royalty regulations	Gazetted
Production curtailment and Domestic crude oil supply obligation regulations	Gazetted

NMDPRA regulations and their status (9 drafted and 16 gazetted)

Regulation	Status
Midstream petroleum host communities development trust	Draft
Midstream and Downstream petroleum fees regulations	Draft
Anti-competition and customer Protection	Draft
Third party access and open access	Draft
Separation of licensed activities and surrender of license or permit	Draft
Registration of licenses permits and authorizations or permit	Draft
Disposal of confiscated materials and equipment	Draft
Data repository	Draft
Code of conduct	Draft
Midstream and downstream petroleum operations regulations	Gazetted
Assignment and transfer of licenses and permits regulations	Gazetted
Environmental regulations for midstream and downstream petroleum operations	Gazetted
Petroleum transportation and shipment regulations	Gazetted
Midstream and downstream environmental remediation fund regulations	Gazetted
Midstream and downstream gas pipeline tariff regulations	Gazetted
Gas pricing domestic demand and delivery regulations	Gazetted
National strategic stocks regulations	Gazetted
Gas distribution systems regulations	Gazetted
Midstream and downstream decommissioning and abandonment	Gazetted
Midstream and downstream safety regulations	Gazetted
Petroleum measurement regulations	Gazetted
Gas trading and settlement regulations	Gazetted
Midstream gas flare regulations	Gazetted
Midstream and downstream petroleum dispute resolution regulations	Gazetted
Midstream and downstream penalties and enforcement mechanism regulations	Gazetted

The NUPRC Technical Workshop

The NUPRC Technical Workshop was held from May 8th to 10th and from June 25th to 28th. During this time, NUPRC, OPTS, NNPC, and IPPG collaboratively reviewed 15 draft regulations. OPTS was well-represented by the Secretariat and all relevant subcommittees. The primary objective of the workshop was to address and resolve concerns raised by industry stakeholders regarding fourteen specific regulations.



Marine Accelerator/Kickoff Event

After four years of planning, the Marine Accelerator Training began as scheduled on May 27th, 2024, at the NMSML facility in Bonny Island, commencing with a kickoff event. The program was well-received, with key stakeholders such as NCDMB, NIMASA, and SOAN in attendance. This classroom-based initiative, consisting of seven modules, focuses on improving the safety and operational performance of oil and gas marine contractors. Its objective is to support contractors in achieving operational excellence, efficiency, and safety. It also aims to strengthen local marine contractors, helping them become domestic and regional leaders. Additionally, it seeks to enhance the competitiveness of the Nigerian oil and gas industry by ensuring efficient and continuous operations with minimal disruptions.



Public Hearing on CSR held in Abuja

The public hearing, organized by the House of Representatives Committee on CSR, took place as scheduled on June 24th, 2024. The primary objective was to gather feedback from key stakeholders – OPTS, CBN and the Nigerian Communications Commission (NCC), etc on the CSR Bill. The GR/PA Subcommittee presented OPTS's position, highlighting that the CSR Bill would impose onerous administrative burdens and complexities. Although the Committee disagreed with many of the stakeholders' observations, it pledged to review all inputs before finalizing its work and submitting the final draft to the House for debate.



OPTS Security Subcom Engagement with Chief of Naval Staff:

OPTS paid a courtesy visit to the CNS led by the OPTS ED on Tuesday 2 June 2024. Being the maiden meeting with the Navy under the current administration, the ED congratulated the CNS and expressed a desire for greater collaboration. OPTS highlighted security challenges impacting industry operations, including crude theft and

illegal bunkering, and recommended ways the Navy could improve security in shallow waters and creeks. The Navy was pleased with the visit and stressed the need for OPTS to be more involved in security solutions. They requested quarterly collaboration and improvement in data sharing from OPTS members.



2024 Nigeria Licensing Round Pre-Bid Conference

OPTS member companies were present at the licensing round pre-bid conference which was held on June 11th with some members companies participating in the round table sessions.



Uganda National Oil Company (UNOC) Benchmarking Exercise

The event held as scheduled on June 10th. The OPTS ED delivered an introductory presentation on OPTS and its collaborations with other industry associations such as IPPG, PETAN, and PCTS. He advised that UNOC reaches out to NNPC who is a JV partner to many OPTS member companies, for UNOC staff secondment opportunities'. UNOC presented OPTS with a book on Uganda.

2024 Nigeria Maritime Conference

OPTS was invited to the Business Day 2024 Maritime conference held June 12th in Lagos and attended by the Minister of Marine & Blue Economy. Some of the issues raised included plethora of fees inhibiting competitiveness of Nigerian operators and the competence of operators.



OPTS attended the Signing Ceremony for the implementation of the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order, 2024 on April 23rd, 2024. ED'OPTS represented OPTS at the event. Subsequent to the signing, OPTS received from SA Energy the Consolidated Implementation Guidelines issued by the Honorable Minister of Finance/Coordinating Minister of the Economy. This has been shared with OPTS member companies and under review by the appropriate committees.



Interactive Session with The House of Representative (HOR) Committee on Petroleum Resources (Upstream)

OPTS responded to a call by the Chairman, HOR Petroleum Resources (Upstream) for an interactive session with members of the Committee on key O&G topical issues. The session held on April 24th, 2024 at the National Assembly. The OPTS team comprising the P&S, Govt. Relations, Security and Environment & Safety subcoms was led by the ED, OPTS. The Committee Chairman expressed gratitude to OPTS for enlightening the Committee. He asked that OPTS identify and bring to the attention of the Committee aspects of the PIA that may not be investor friendly, for necessary consideration by the committee.

Profile Feature



Meet the OPTS Operations and Terminal Chairman, Mr. Wasiu Olayiwola

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

My name is Wasiu Olayiwola, and I am the Commercial Operations Manager at Seplat Energy Plc. I have been part of the energy sector for almost two decades. My journey with OPTS began in 2008 when I assumed the role of Shipping Officer at Platform Petroleum. Since then, it has been an incredibly interesting and rewarding experience to be a member of OPTS.

2) Introduce your Subcom and its importance in the industry

My Subcommittee is the Operations and Terminal Subcommittee. As the name suggests, this Subcommittee advocates for all operational activities within the industry, covering everything from production and evacuation to the export of products. It serves as the backbone of the oil and gas industry, providing essential support that is crucial for the functioning of other Subcommittees. The dynamic nature of operations has made the focus on this Subcommittee indispensable, ensuring that all other Subcommittees rely on the input and expertise of the Operations and Terminal Subcommittee.

Our Subcommittee plays a pivotal role in maintaining the efficiency and safety of operations, addressing challenges such as logistics, regulatory compliance, and process optimization. By fostering collaboration and sharing best practices, we help drive continuous improvement and innovation across the industry.

3) What has been most rewarding about your role?

The most rewarding aspect of my role has been gaining a deep understanding of the industry's operational dynamics and interacting with a diverse group of experts, which has significantly broadened my perspective. Additionally, contributing to the review of the Petroleum Industry Act (PIA) and overseeing operational activities has been fulfilling, further enriching my knowledge.

It's incredibly gratifying to see the tangible impact of our work on industry efficiency and sustainability. Our efforts lead to improved operations and regulatory compliance, making a real difference in the industry. These, coupled with the opportunity to develop strong leadership and analytical skills, have made this role truly rewarding.

4) What is most challenging about your role?

The most challenging aspect of my role as the Operations and Terminal Subcommittee lead is balancing my primary responsibilities at Seplat with my duties for OPTS. I often find myself working late to manage both roles, as I've realized that my work with OPTS directly impacts Seplat's operations. Managing these dual responsibilities demands significant time and effort, but the positive ripple effect on my company's performance makes it a crucial endeavor.

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

As the lead of the Subcommittee, we have achieved several significant milestones in our advocacy functions. One of our most recent successes was our advocacy on the Domestic Crude Supply Obligation (DCSO), where the Operations and Terminal Subcommittee played a leading role. We effectively demonstrated to the government and regulators the industry's readiness to implement the DCSO, emphasizing the need for alignment with the principles of willing supplier and willing buyer as outlined in the Petroleum Industry Act (PIA).

Additionally, we made substantial contributions during the technical workshop organized by the NUPRC for the PIA review. Our input on the DCSO, advance

cargo declaration, fees and rents, and other regulations has been highly impactful.

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

One thing that many people in my Subcommittee might not know is that I am much more flexible than I might appear. While I'm known for my structured approach and focus on details, I embrace adaptability and enjoy tackling unexpected challenges with a positive mindset. This flexibility allows me to approach problems from different angles and find creative solutions.

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

Maintaining a healthy work/life balance can feel like a challenge in this industry, especially given the demands of different departments and workloads. However, I make a concerted effort to set boundaries between my work and personal time, despite the obstacles. I try to take at least one hour break during work hours to step away from my computer and recharge.

Additionally, I schedule time for my hobbies, such as playing table tennis, two to three times a week. I also delegate tasks when possible and prioritize taking vacations when necessary to ensure I have time to relax and rejuvenate.

8) What is your philosophy on life?

My philosophy on life centers around simplicity. I prioritize what truly matters, aiming for greater contentment and fulfillment. This approach has significantly helped me minimize unnecessary material possessions and distractions, allowing me to create space for more meaningful experiences and relationships.



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