

CURRENT ASSESSMENT, REGULATORY ENVIRONMENT AND FUTURE PROSPECTS OF THE OIL & GAS BUSINESS IN NIGERIA

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OUTLINE

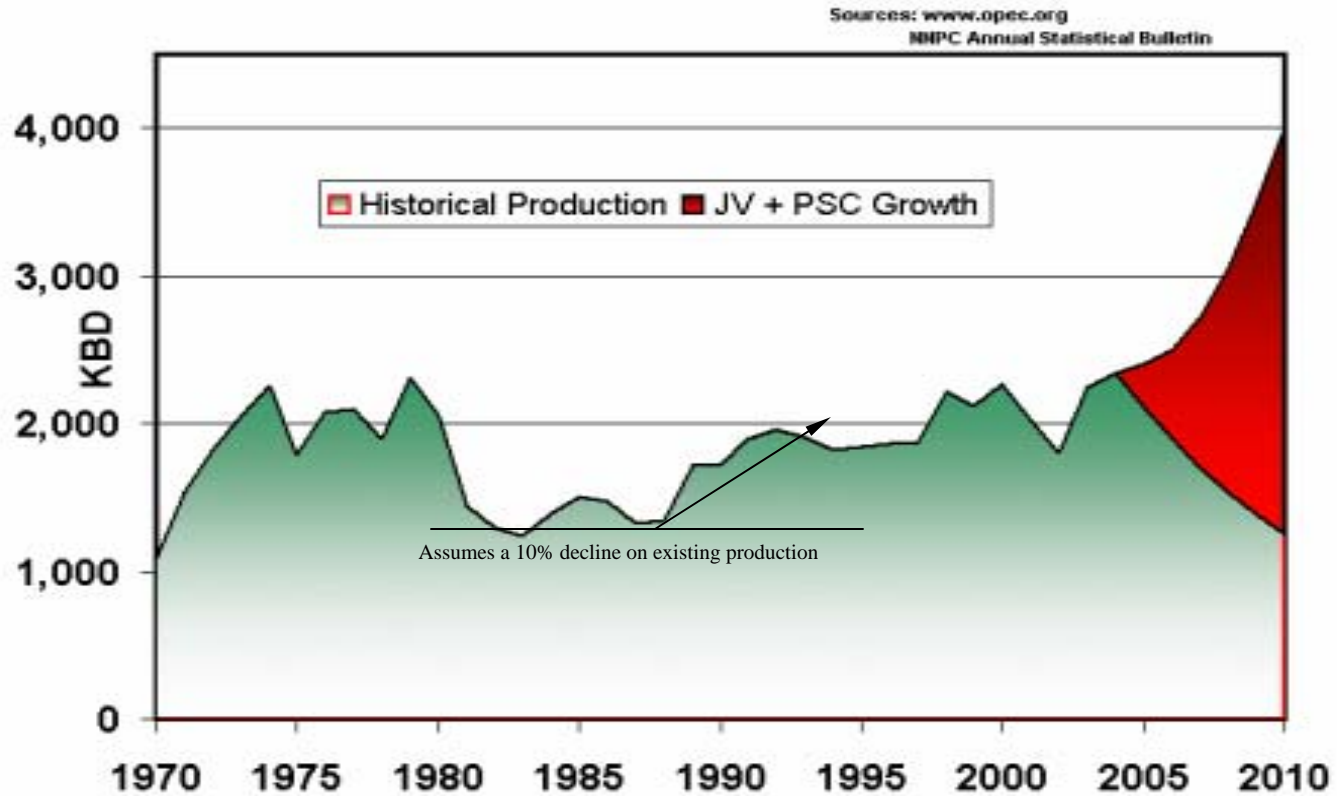
- 🔥 **CURRENT ASSESSMENT OF THE NIGERIAN OIL & GAS INDUSTRY**
- 🔥 **THE NIGERIAN REGULATORY ENVIRONMENT**
- 🔥 **FUTURE PROSPECTS**
- 🔥 **CONCLUSION**

CURRENT ASSESSMENT OF THE NIGERIAN OIL & GAS INDUSTRY

◆ **EXPLORATION AND PRODUCTION TRENDS**

- **ONSHORE EXPLORATION STARTED 1937**
- **OFFSHORE EXPLORATION STARTED 1961**
- **ONSHORE PRODUCTION STARTED 1958**
- **OFFSHORE PRODUCTION STARTED 1965**
- **OFFSHORE PRODUCTION SURPASSED ONSHORE FOR THE FIRST TIME IN 1997**
- **DEEP OFFSHORE EXPLORATION STARTED IN 1993, PRODUCTION IN 2003**

CURRENT ASSESSMENT ... (CONT'D)



HISTORICAL AND PROJECTED PRODUCTION

CURRENT ASSESSMENT ... (CONT'D)

◆ **RESERVE POSITION**

- **SOME 94BILLION BOE RESOURCE DISCOVERED**
- **ONSHORE - 53 BILLION BOE DISCOVERED**
 - **25 BILLION BOE UNDISCOVERED**
- **OFFSHORE - 41 BILLION BOE DISCOVERED**
 - **37 BILLION BOE UNDISCOVERED**
- **SMALLER FIELDS AND RISKY UNCONVENTIONAL**
PLAYS HOLD SIGNIFICANT UNDISCOVERED POTENTIAL

CURRENT ASSESSMENT ... (CONT'D)

◆ **OIL & GAS BREAKDOWN**

- **ONSHORE - 32 BILLION BBL OIL DISCOVERED**
 - **125 TCF OF GAS DISCOVERED**
 - **16 BILLION BBL OIL UNDISCOVERED**
 - **57 TCF OF GAS UNDISCOVERED**
- **OFFSHORE - 29 BILLION BBL OIL DISCOVERED**
 - **73 TCF OF GAS DISCOVERED**
 - **25 BILLION BBL OIL UNDISCOVERED**
 - **76 TCF OF GAS UNDISCOVERED**

◆◆ **OF THE 61 BILLION BARRELS DISCOVERED OIL RESERVES,
SOME 27 BILLION BARRELS HAS BEEN PRODUCED TODATE**

CURRENT ASSESSMENT ... (CONT'D)

◆ **RESERVES BUILD-UP**

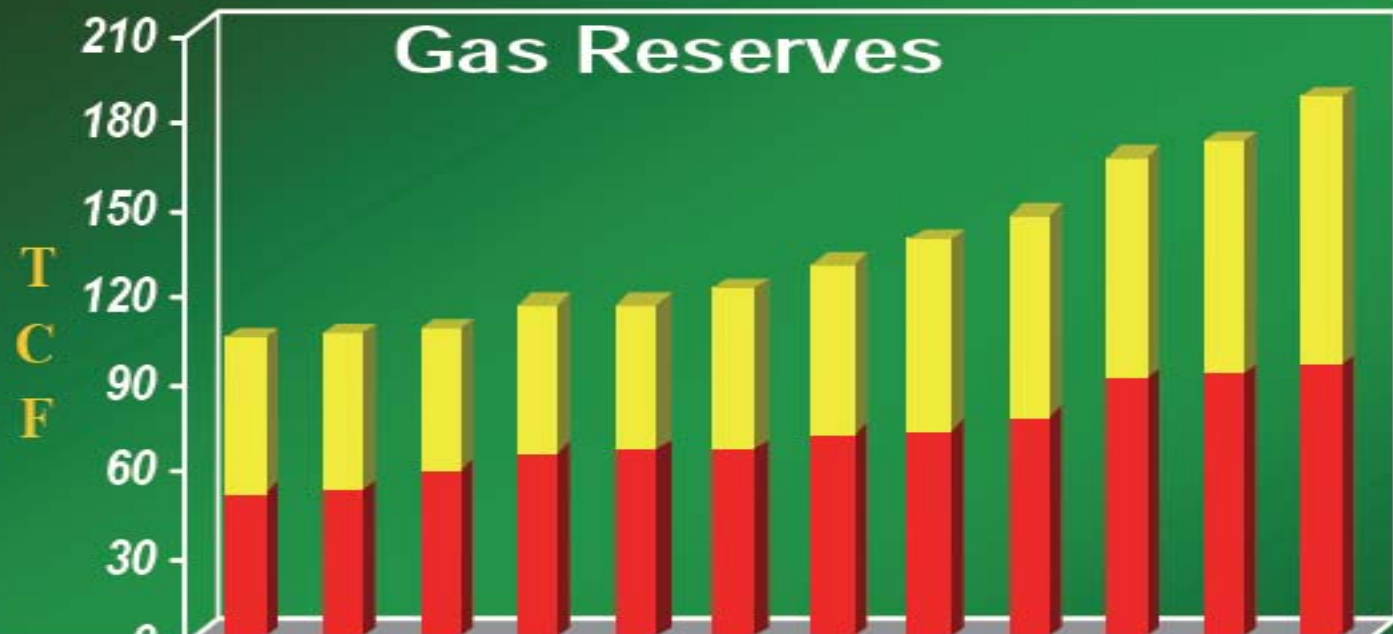
- **RESERVES BUILT UP TO CIRCA 32BILLION BBLs IN 2003**
 - **THE DEEP OFFSHORE ADDED CIRCA 8BILLION BARRELS
BEWTEEN 1995 - 2005**
 - **AVERAGE ANNUAL RESERVES ADDITION IN LAST TEN YEARS
CIRCA 1BILLION BARRELS**
 - **AVERAGE ANNUAL WITHDRAWAL CIRCA 850MILLION BBLs**
- ...RESERVES BUILD-UP IS THEREFORE CLOSE TO PLATEAU.**

CURRENT ASSESSMENT ... (CONT'D)

◆ GAS

- **DISCOVERED GAS CIRCA 198 TCF**
- **PRODUCED GAS CIRCA 18TCF**
- **REMAINING RESERVES CIRCA 180 TCF**
 - AG - 93 TCF**
 - NAG - 87 TCF**
- **UNDISCOVERED GAS CIRCA 133TCF**
- **CURRENT PRODUCTION - 5BCFD**
- **DEMAND PROJECTION**
 - 2010 - DOMESTIC 9 BCFD**
 - EXPORT 5BCFD**
 - 2015 - DOMESTIC 12BCFD**
 - EXPORT 13BCFD**

...AT PEAK DEMAND, CURRENT RESERVES LIFESPAN ONLY 20 YEARS!

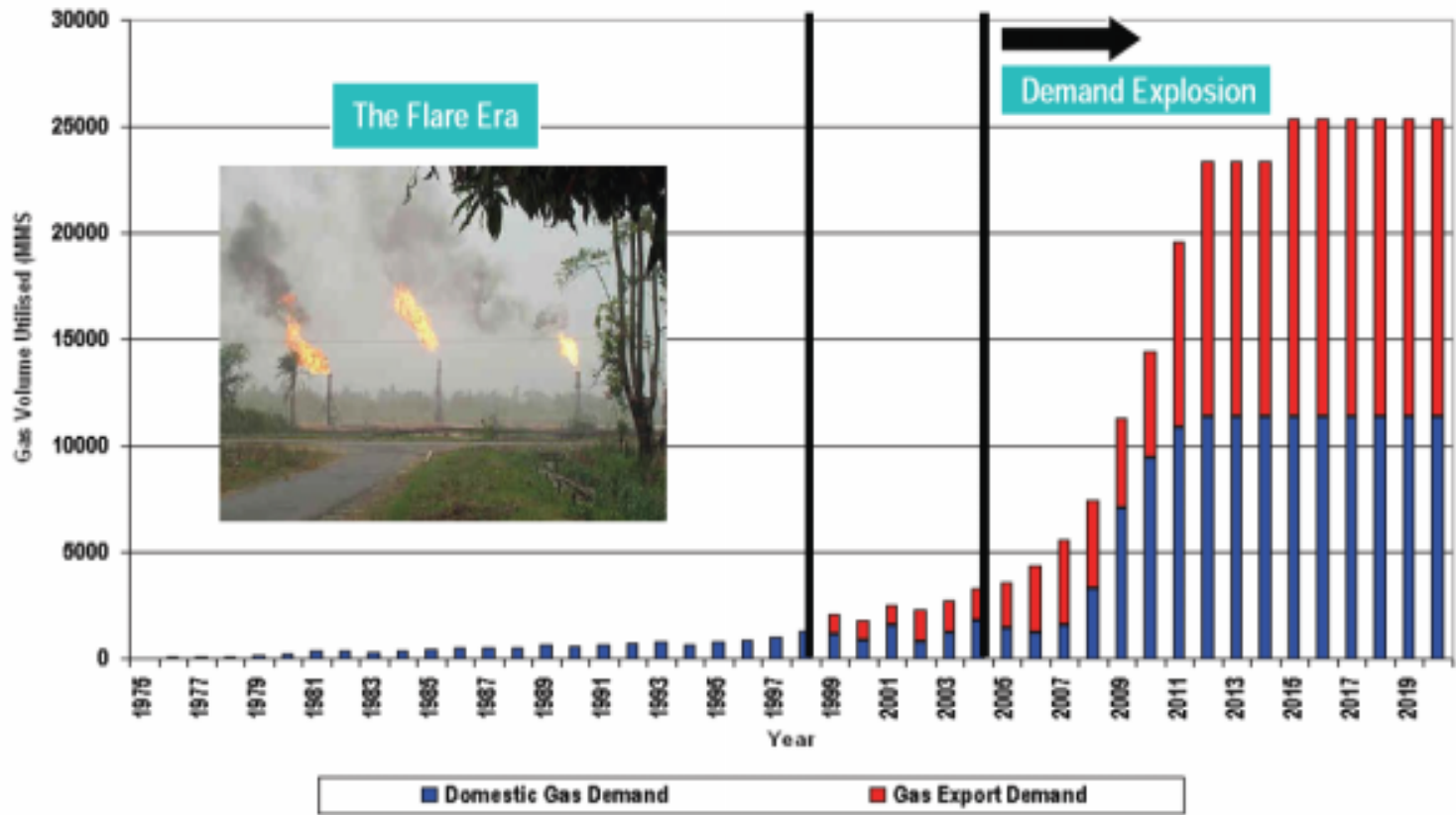


h significant scope for growth. The gas quality is high – particularly rich in liquids

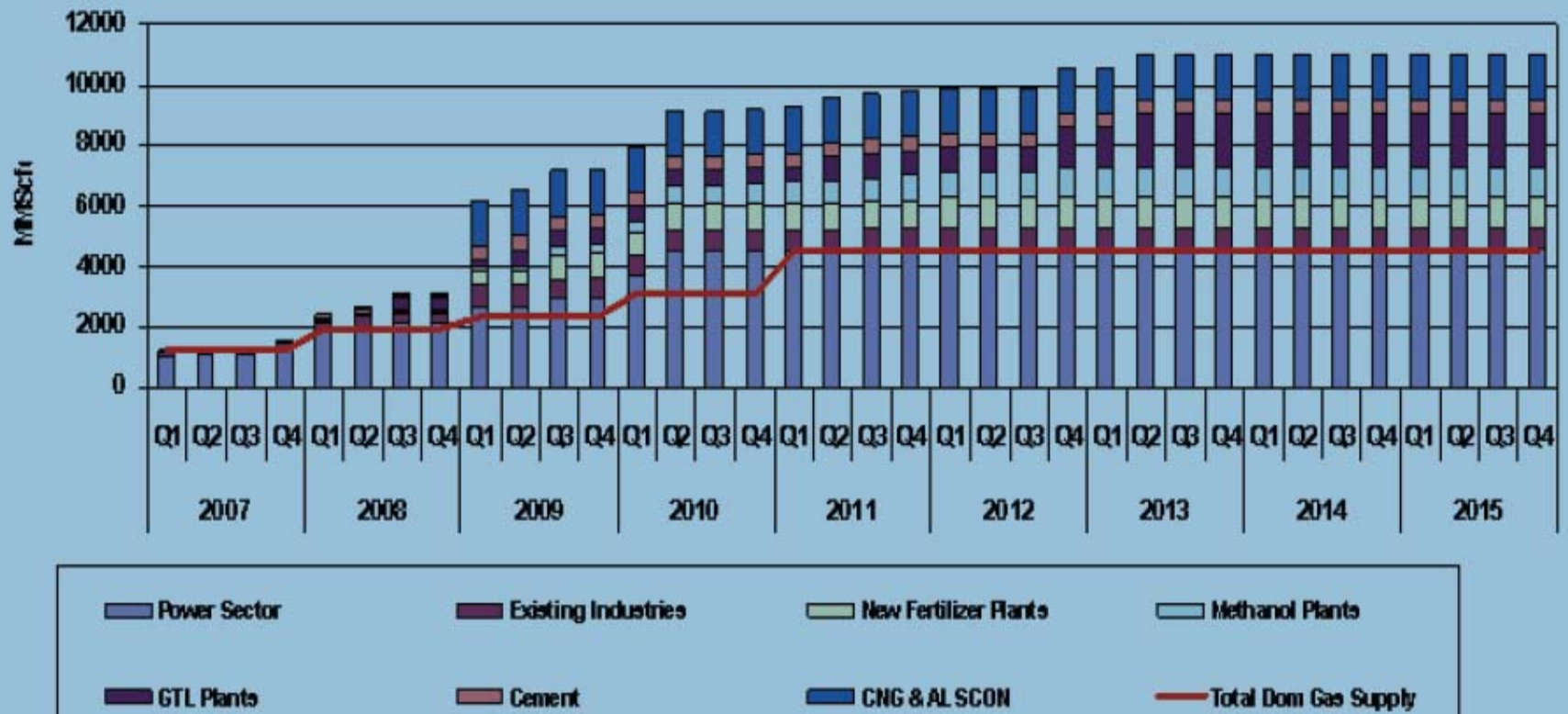
1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003



Gas Demand Boom - Utilization Profile : 1975 - 2020



Domestic Gas Demand & Supply Profile (2007 - 2015)



CURRENT ASSESSMENT ... (CONT'D)

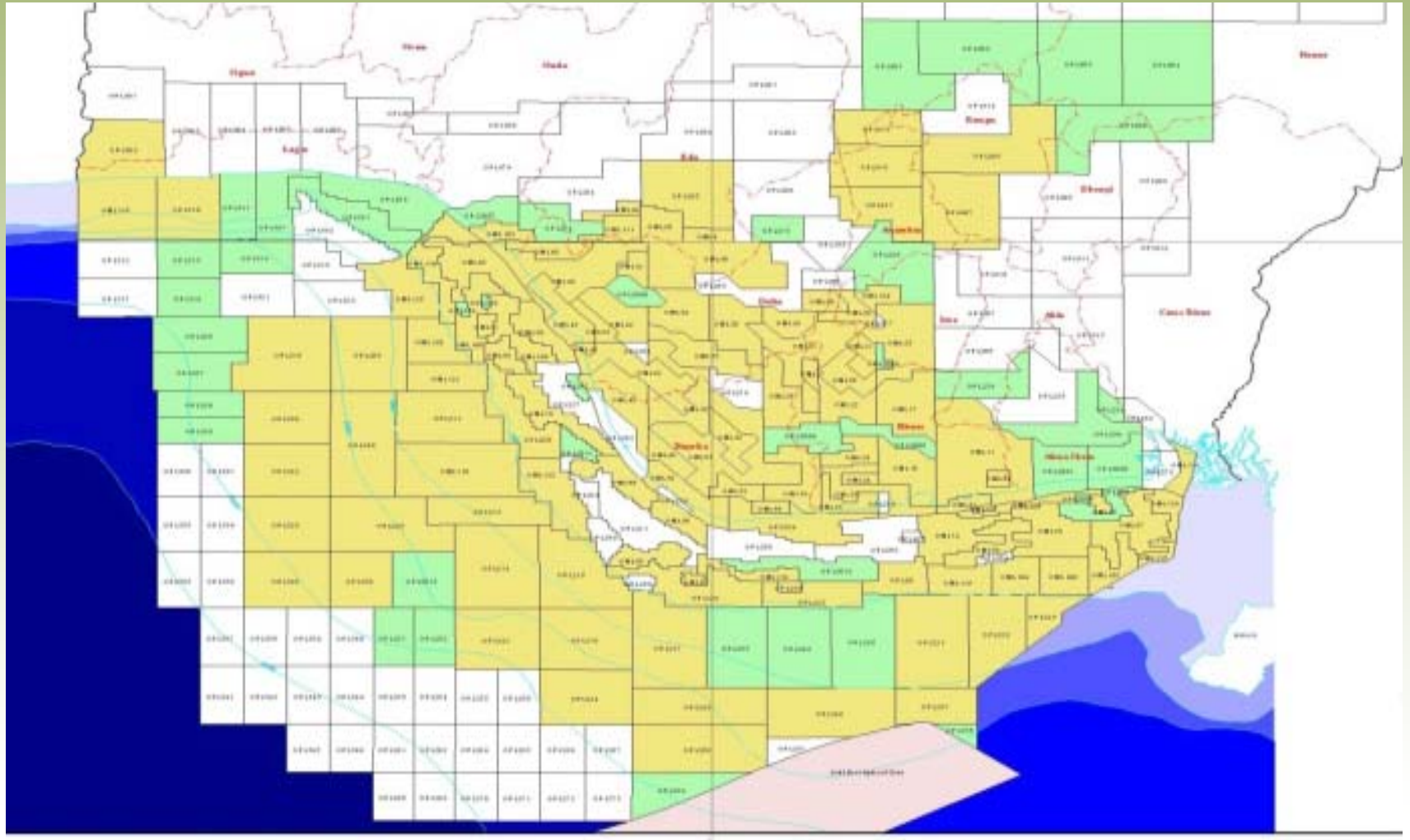
◆ **THE NIGER DELTA**

- **CRISIS HAS 2 HUGE COMPONENTS:**
 - **SOCIO-ECONOMIC AGITATION**
 - **CRIMINALITY**
- **2ND COMPONENT IS THE NEW AND WORRISOME DIMENSION.**
- **THE FEDERAL GOVERNMENT NEW APPROACH WILL YIELD RESULTS IF FAITHFULLY IMPLEMENTED.**
- **PROBABLY IMPOSSIBLE TO RETURN TO PRE-1995 PEACE ERA.**
- **EFFECTS OF CRISIS ENORMOUS**
 - **DRIVE UP TECHNICAL COSTS**
 - **HUGE SECURITY ISSUES**
 - **MAJOR EXPLORATION EFFORTS NOW IN DEEP WATER ONLY**

CURRENT ASSESSMENT ... (CONT'D)

◆ **DEEP OFFSHORE THE MAIN FOCUS OF EXPLORATION SINCE 1995**

- **VIRGIN UNTIL 1993**
- **COMMUNITY CRISES AS NEW DRIVER**
- **BASIN NEAR MATURITY IN ONLY 10 YEARS**



THE NIGERIAN REGULATORY ENVIRONMENT

◆ **DPR, THE REGULATOR**

- **UPSTREAM**
 - **LEASE ADMINISTRATION**
 - **RESOURCES MANAGEMENT**
 - **PERMITTING**
- **SUPPORT AND DOWNSTREAM**
 - **PERMITTING AND SUPERVISION**
- **HEALTH, SAFETY AND ENVIRONMENT (HSE)**

◆ **ANCILLIARY REGULATORS**

- **FMF**
- **FMENV**
- **NETI**

THE NIGERIAN REGULATORY ENVIRONMENT (CONT'D)

◆ **THE JOURNEY SO FAR**

- **DPR MORE STRENGTHENED**
- **LEASE ADMINISTRATION MORE TRANSPARENT**
- **PSC NEW CONTRACTUAL FRAMEWORK**
- **NEITI INTRODUCED**

FUTURE PROSPECTS

◆ **THE NIGER DELTA**

- **GOVERNMENT INTERVENTION “MAKE OR BREAK”**
- **FRAGILE PEACE WILL RETURN**

◆ **ONE MILLION BOPD DEEP OFFSHORE PRODUCTION BY 2010**

◆ **GAS EXPLORATION AND DEVELOPMENT IN FRONT BURNER**

- **LARGE GROWTH IN LOCAL AND EXPORT DEMAND**

FUTURE PROSPECTS (CONT'D)

DECLINE IN RESERVES TO SET IN, 5 - 10 YEARS

- **NIGER DELTA CRISIS AND SMALL FIELDS DEVELOPMENT MAY DELAY ONSET OF DECLINE.**

◆ **RETURN TO SHELF IN 10 YEARS**

CONCLUSION

- **THE ENTIRE NIGER DELTA IS CLOSE TO EXPLORATION MATURITY**
- **OIL RESERVES CLOSE TO PLATEAU**
- **FURTHER AGGRESSIVE EXPLORATION AND RESERVES BUILD-UP WILL DEPEND ON STATE OF THE NIGER DELTA**
- **EXPLOSION IN GAS DEMAND AND PRODUCTION IMMINENT**
- **A STRONG, INDEPENDENT REGULATORY ENVIRONMENT PLUS EFFICIENT RESOURCES MANAGEMENT CRITICAL TO THE CONTINUED HEALTH OF THE INDUSTRY**
- **THE NIGER DELTA STILL HOLDS THREE DECADES OF OIL AND GAS SUPPLY TO THE WORLD MARKET.**

THANK YOU