Nigeria’s Oil & Gas Strategy in the Next Five Years – A New Dawn to Boost Investment & Production?

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Militancy had major impact on production, especially onshore. Deepwater production, increasingly important. Stalled investment from PIB uncertainty.
Current IOC Dominated Industry

Current Nigeria Crude Production (2010)

- Foreign Independents: 4%
- Indigenous: 5%
- IOCs: 91%

Current Production: 2.3mmbopd

2020 Target Production

- Indigenou: 15%
- Foreign Independents: 5%
- IOCs: 60%
- NPDC: 15%

Production Target: 4.00mmbopd

- Enabling Environment
- Commercialisation of NOC

Pie Chart 1. Source: NNPC Annual Statistical Bulletin; Central Bank of Nigeria
The Nigerian Upstream Opportunity

Current Average Production (January – August 2012):
~2.37mmbopd

Unused capacity:
~900kbopd

New finds/assets:
~730kbopd

Capacity Utilization

347 Fields with 2P Reserves < 20mmboe & 230 Fields with 2P Reserves < 10mmboe

Source: Central Bank of Nigeria; Wood Mackenzie
Strategy

1-2 Years
- Security
- NNPC JV Financing
- Indigenous participation
- Reduced bureaucratic red-tape
- Marginal field allocation + Frequent Bid Rounds
- PIB
- Execution capacity/efficiency
- Local financial industry support

3-4 Years
- NNPC divestment + Private sector collaborations
- Fiscal incentives to accelerate development
- Consistent dormant asset review
  - “Use it or lose it”

5 Years & Beyond
- Framework to support investment
- NNPC listing on International exchange
- Exploration incentives
- Technology transfer policies
Case Study: Oando

**2013**
- **10k bopd** Net Production
- **9.6 mmboe** Net 2P Reserves

**2015**
- **50k bopd** Net Production
- **300 mmboe** Net 2P Reserves

**2018 & Beyond**
- **100k bopd** Net Production
- **500 mmboe** Net 2P Reserves

**Organic Growth**
- Harnessing optimally the potentials of our existing portfolio and developing proven but undeveloped assets

**Inorganic Growth**
- Acquiring unutilized near term assets from IOCs
- Participating in Governmental Bid Rounds
- M&A Activity