



# **Oil and Gas Industry Audit Report 2019**

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The report and all appendices relating to the report are intended for the use of the National Stakeholder Working Group (NSWG) of NEITI for the purpose of that initiative and any reliance placed upon them by third parties shall be in accordance with the NEITI Act of 2007.

## FOREWORD

**T**he EITI framework is built on a strong multi-stakeholders approach, requiring collaboration and partnerships between the government, companies and the civil society including the media and the legislature.

In pursuance of its mandate the Nigerian Extractive Industries Transparency Initiative which is a national chapter of the global EITI conducts independent annual audit of the industry. The objective of the audit is to establish baseline information and data on physical, financial and process issues in the sector as they relate to governance, transparency and accountability. This involves establishing what companies paid to government and what government received in terms of royalty, signature bonuses, taxes, rents, leases, concessions, etc. The audit also examines if companies paid what they were expected to pay to government and if government received what it ought to receive. In addition, the audit identifies the lapses, agencies responsible and makes recommendations for remediation.

To date, NEITI has conducted twelve cycles of audits in the oil and gas sector covering the periods 1999-2019. It has also conducted the first solid minerals sector audit which covered the periods-2007-2010 and to date has conducted ten cycles of audit in the sector. NEITI has also conducted two cycles of audits that focus on the allocation, statutory disbursements and utilisation of revenues from the federation account to the three tiers of government. These reports were courageous, incisive, and comprehensive and placed in the public domain for Nigerians to use to hold the government and companies to account.

The NEITI Industry Audit Report contains the following highlights and more:

1. The financial flows into the Federation Account as well as other related flows in the oil and gas industry in 2019.
2. Production and lifting volumes and their link to equity crude oil and gas sales and the Federation Account.
3. Investment flows such as joint venture cash calls, production sharing agreements and other alternative funding arrangements.
4. The domestic crude allocation to refineries and the summary of NNPC DSDP transactions and other deductions for the maintenance of pipelines etc.
5. The outcome of the financial flows reconciliation exercise including identification of differences on the related financial flows as well as explanations of the unresolved differences on each of the financial flows.
6. Key findings and recommendations as well as an overview of previous recommendations and remedial issues undertaken.

I am optimistic that if the contents of this report are reviewed by the various stakeholder groups of NEITI and the recommendations implemented by the covered entities concerned, Nigeria's oil and gas industry will witness massive investments, with revenues from the sector maximised to uplift the standards of living of the citizens. This will lead to poverty reduction and national development.

**Orji Ogbonnaya Orji**  
Executive Secretary, NEITI



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## Abbreviations and Acronyms

Abbreviation	Description
AENR	Agip Energy and Natural Resources (Nigeria) Limited
AF	Alternative Funding
AFS	Audited Financial Statements
AGO	Automotive Gas Oil
AMNI	Amni International Petroleum Development Company Limited
APDNL	Addax Production Development Nigeria Limited
APENL	Addax Production and Exploration Nigeria Limited
APF	Appropriate Pricing Framework
ATK	Aviation Turbine Kerosene
BBL	Barrels
BPD	Barrels Per Day
BO	Beneficial Ownership
BSCF	Billion Standard Cubic Feet
BTU	British Thermal Unit
CAC	Corporate Affairs Commission
CAMAC	Camac Nigeria Limited
CAPEX	Capital Expenditure
CBN	Central Bank of Nigeria
CDU	Crude Distillation Unit
CEs	Covered Entities
CGT	Capital Gains Tax
CIT	Company Income Tax
CNL	Chevron Nigeria Limited
COMD	Crude Oil Marketing Division (NNPC)
COVID-19	Coronavirus Disease
CRU	Catalytic Refining/Reforming Unit
DCA	Domestic Crude Allocation
DCO	Decanter Oil
DPK	Dual Purpose Kerosene
DPR	Department of Petroleum Resources
DSDP	Direct Sale Direct Purchase
E&P	Exploration and Production
EDT	Education Tax
EEPN(OE)L	Esso Exploration and Production Nigeria (Offshore East) Limited
EEPNL	Esso Exploration and Production Nigeria Limited
EGASPIN	Environmental Guidelines and Standards for the Petroleum Industry in Nigeria
EGTL	Escravos Gas-to-Liquids
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EMS	Environmental Management Systems

Abbreviation	Description
EMSM	Environmental Management Systems Manual
EPC	Engineering, Procurement and Construction
FAAC	Federation Accounts Allocation Committee
FCC	Fluid Catalytic Cracking
FDPs	Field Development Plans
FEPA	Federal Environment Protection Agency
FEPDCL	First Exploration & Production Development Company Limited
FHN	First Hydrocarbon Nigeria Limited
FIRS	Federal Inland Revenue Service
FGP	Flare Gas Payment
FMFBNP	Federal Ministry of Finance, Budget and National Planning
FMOE	Federal Ministry of Environment
GDP	Gross Domestic Product
GHG	Green House Gas
GSA	Gas Sales Agreement
GVC	Good and Valuable Consideration
HGO	Heavy Gas Oil
HHK	Household Kerosene
IA	Independent Administrator
IOC	International Oil Company
ISA	International Standards on Auditing
ISRS	International Standards on Related Services
JOA	Joint Operating Agreement
JV	Joint Venture
JVAFA	Joint Venture Alternative Funding Arrangement
JVCC	Joint Venture Cash-call
KRPC	Kaduna Refining and Petrochemical Company Limited
LCO	Light Cycle Oil
LGO	Light Gas Oil
LNG	Liquefied Natural Gas
LPFO	Low Pour Fuel Oil
LPG	Liquefied Petroleum Gas
MBBLS	Thousand Barrels
MBTU	Thousand British Thermal Unit
MCA	Modified Carried Agreement
MF	Marginal Field
MMBBLs	Million Barrels
MMBTU	Million British Thermal Unit
MMSCF	Million Standard Cubic Feet
MMSCFD	Million Standard Cubic Feet per Day
MPNU	Mobil Producing Nigeria Unlimited
MT	Metric Tons

Abbreviation	Description
MMT	Thousand Metric Tons
NAE	Nigerian Agip Exploration Limited
NAOC	Nigerian Agip Oil Company Limited
NAPIMS	National Petroleum Investment Management Service
NASS	National Assembly
NBET	Nigeria Bulk Electricity Trading
NBS	National Bureau of Statistics
NCDMB	Nigerian Content Development and Monitoring Board
NCTL	Nembe Creek Trunk Line
NDDC	Niger Delta Development Commission
NDPR	Niger Delta Petroleum Resources
NEITI	Nigeria Extractive Industries Transparency Initiative
NEPL	Newcross Exploration and Production Limited
NESREA	National Environmental Standards and Regulations Enforcement Agency
NESS	Nigerian Export Supervision Scheme
NETCO	National Engineering & Technical Company Limited
NHU	Naphtha Hydrotreating Unit
NGFCP	Nigerian Gas Flare Commercialization Programme
NGL	Natural Gas Liquids
NGMC	Nigeria Gas Marketing Company Limited
NIPEX	Nigerian Petroleum Exchange
NLNG	Nigeria Liquefied Natural Gas
NNPC	Nigerian National Petroleum Corporation
NOSDRA	National Oil Spill Detection and Response Agency
NPDC	Nigerian Petroleum Development Company
NPSC	Nigerian Pipelines and Storage Company Ltd
NSWG	National Stakeholders Working Group
OML	Oil Mining Lease
OPCOM	Operating Committees
OPL	Oil Prospecting License
OPTS	Oil Producers Trade Section
OSP	Official Selling Price
PAF	Payment Assurance Facility
PAYE	Pay as You Earn
PHRC	Port Harcourt Refining Company
PLATFORM	Platform Petroleum Limited
PMC/OE	Project Management Consultant/Owner's Engineer
PMS	Premium Motor Spirit
POOC	Pan Ocean Oil Corporation Nigeria Limited
PPMC	Petroleum Products Marketing Company
PPRA	Petroleum Products Pricing Regulatory Agency
PPT	Petroleum Profits Tax



Abbreviation	Description
PSC	Production Sharing Contract
QIT	Qua Iboe Terminal
RA	Repayment Agreement
RDP	Reserves Development Project
RPC	Refinery Project Coordinator
SBU's	Strategic Business Units
SC	Service Contract
SEPCO	Sterling Oil Exploration and Energy Production Company Limited
SEPLAT	Seplat Petroleum Development Company Limited
SG	Specific Gravity
SGORL	Sterling Global Oil Resources Limited
SNEPCO	Shell Nigeria Exploration and Production Company Limited
SOW	Scope of Work
SPDC	Shell Petroleum Development Company
SQ.KM	Square Kilometer
STAR DEEP	Star Deepwater Petroleum Limited
SWIFT	Society for Worldwide Interbank Financial Transactions
TECOM	Technical Committee
TEPNG	Total Exploration and Production Nigeria Limited
THDA	Thermal Hydrodealkylation
TOR	Terms of Reference
TUPNI	Total Upstream Nigeria Limited
US\$	United States Dollar
VAT	Value Added Tax
VDU	Vacuum Distillation Unit
VGO	Vacuum Gas Oil
WAEP	West Africa Exploration & Production Company Limited
WHT	Withholding Tax
WRPC	Warri Refining and Petrochemical Company Limited

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## Computed Average Exchange Rate for 2015-2019

	(US\$) Dollars	US\$/Naira (₦)	US\$/Euro (€)	US\$/British Pound (£)
<b>2015</b>	1.00	196.4301	0.90090	0.65416
<b>2016</b>	1.00	259.6600	0.90400	0.74045
<b>2017</b>	1.00	305.5500	0.83410	0.73976
<b>2018</b>	1.00	305.5000	1.18150	1.33540
<b>2019</b>	1.00	306.4200	1.11980	1.27723

The data above shows historical average exchange rate s for period 2015 – 2019 (2019 as obtained from <https://www.cbn.gov.ng/rates/ExchangeArchives.asp> while 2015 to 2018 was extracted from the 2018 NEITI oil and gas industry audit report.

## EXECUTIVE SUMMARY

## 1. Background

This is the Executive Summary for the Report “Financial, Physical and Process Audit: An independent report assessing and reconciling physical and financial flows within Nigeria’s oil and gas industry for the year 2019.” The Report is the twelfth (12<sup>th</sup>) oil and gas industry Report published by the Nigeria Extractive Industries Transparency Initiative (NEITI).

The Report was prepared in line with the Extractive Industries Transparency Initiative (EITI) Standard of 2019 and the 2007 NEITI Act. The Report consists of seven (7) sections covering background information, exploration, production and export, revenue collection and allocation, social expenditure, outcomes, and impacts. It also includes information on new areas introduced under the 2019 Standard such as project level reporting, environmental and gender reporting. This should be read in conjunction with the contextual information contained [here](#).

The Nigeria EITI (NEITI) National Stakeholders’ Working Group (NSWG) appointed the firm of Adeshile Adedeji & Co. (Chartered Accountants) as the IA to conduct the 2019 Oil and Gas Industry Audit in line with the Terms of Reference after a competitive bidding process.

### 1.1. Materiality for the Report

A total of twenty-three (23) revenue streams were identified in 2019, of which, nineteen (19) were fully reconciled while four (4) streams - Nigerian Export Supervision Scheme (NESS) Fee, Withholding Tax, Pay as You Earn and Miscellaneous income were unilaterally disclosed per the relevant NSWG decision.

The IA assessed the materiality decision of the NSWG and asserts that twenty-three (23) revenue streams are covered in this Report. This gives a total receipt of US\$34.281billion. Of this amount US\$33.605billion (98.03%) was reconciled and US\$675.549million (1.97%) was unilaterally disclosed.

### 1.2. Entities Covered by the Report

The Report covers a total of Eighty-eight (88) companies and the NLNG, of which eighty-two (82) companies made payments in 2019. The remaining seven (7) companies did not make payments because they were not in operation. Furthermore, a total of nine (9) government entities that directly collect revenue and participate in the industry are covered in the Report. Figure 1 shows the overview of the revenue collection process in the industry.

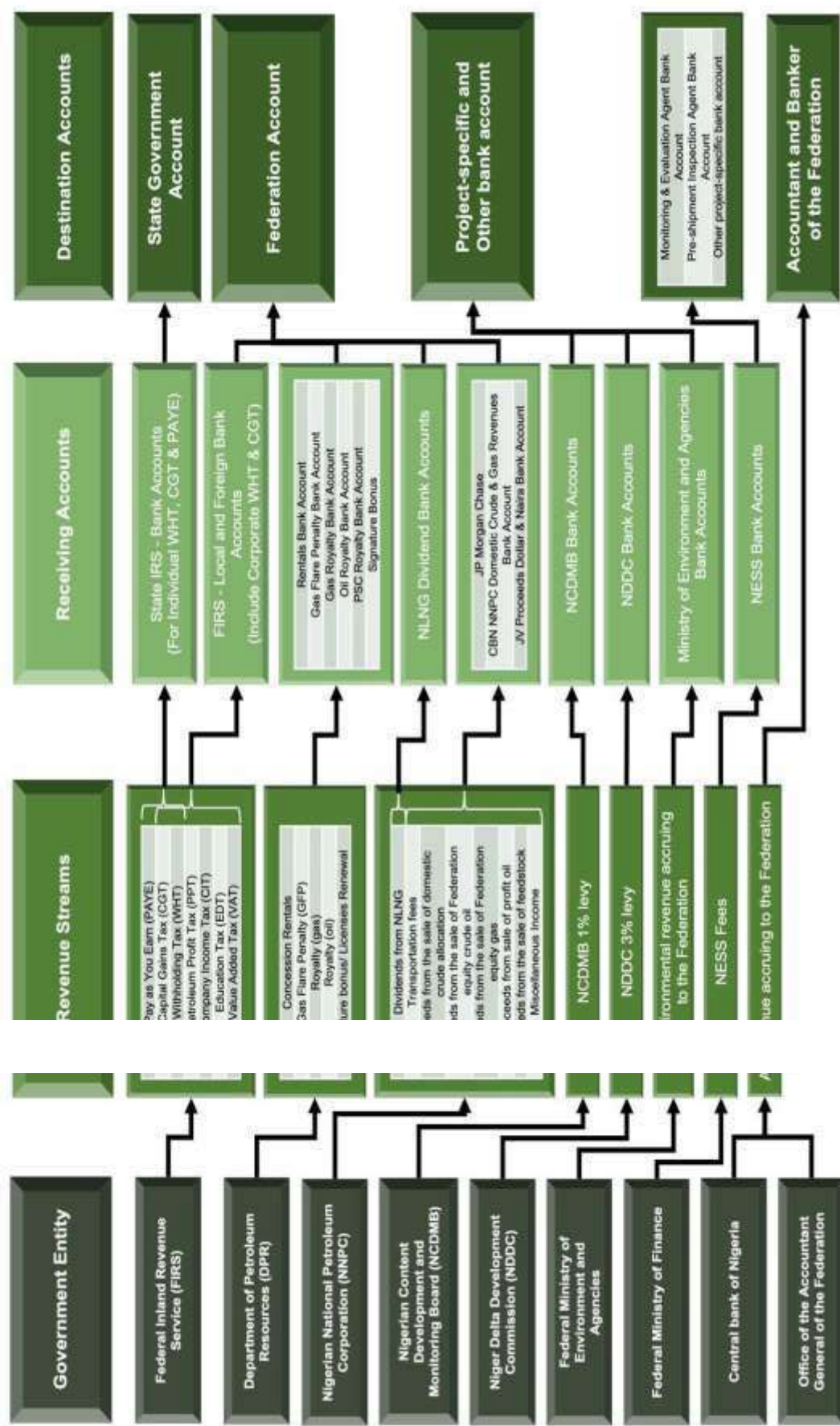


Figure 1: Government Entities, Revenue Streams, Receiving and Destination Accounts



### 1.3. Data Qualities and Completeness

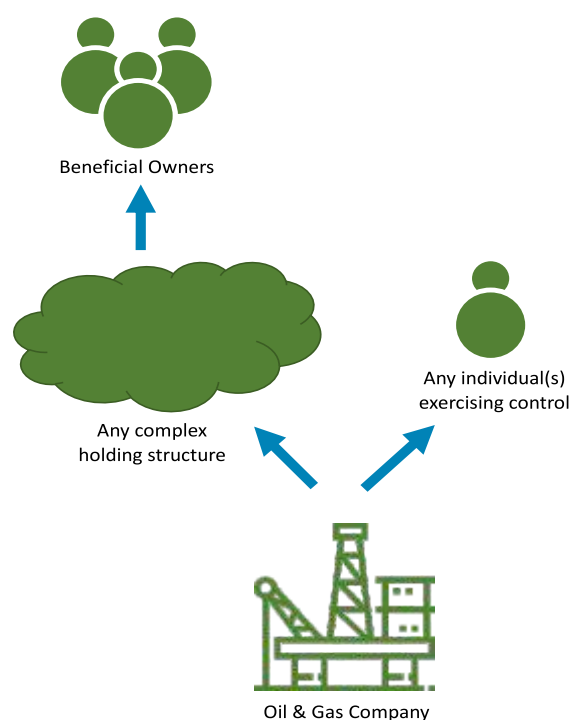
The IA complied with the EITI Standard 2019 and the application of International Standards on Auditing (ISA). Also, the IA deployed additional procedures aimed at ensuring the quality, accuracy and completeness of data and other resources used for the reconciliation exercise. This was achieved despite the restrictions imposed by the Coronavirus Disease (Covid-19) pandemic. The IA attests to the completeness, accuracy and quality of the data used in producing this reconciliation report.

### 1.4. Beneficial Ownership

Beneficial ownership (BO) refers to natural persons who directly or indirectly own and derive financial benefits from a company or commercial activity. Transparency in BO prevents the true beneficiaries of extractive industry revenues from hiding behind opaque shell companies or using complex corporate or other legal structures to perpetuate non-disclosure of income, tax evasion and disguising conflicts of interest. Also, BO disclosure allows stakeholders to obtain a clear view of persons investing in the extractive sector and their links to politically exposed persons (PEPs).

The EITI Standard 2019 requires the public disclosure of the beneficial owners of companies in the extractive industries. The Standard's requirement 2.5 obliges all implementing countries to publish information on the beneficial ownership of all companies applying for and holding an interest in a license to explore for or extract oil, gas and mineral resources.

NEITI has taken steps to make BO information more easily accessible and to mainstream the collection and public disclosure of BO information in line with EITI Requirement 2.5. On December 12, 2019, NEITI launched a BO portal for Exploration & Production (E&P) companies covered by NEITI and can be found [here](https://bo.neiti.gov.ng/)<sup>1</sup>. NEITI and the DPR are also in advanced stages of the implementation of a comprehensive register that will be hosted and managed by the Department.



*Figure 2: Beneficial Ownership*

<sup>1</sup> <https://bo.neiti.gov.ng/>

In the year under review, the IA sent the BO reporting template to the covered companies to obtain BO information.

## 2. Revenue Generated from the Upstream Oil and Gas Sector

Government receipts were US\$34.28billion in total revenue from the oil and gas sector—out of which company level financial flows by revenue streams was US\$18.96billion and flows from Federation sales of crude oil and gas was US\$15.32billion.

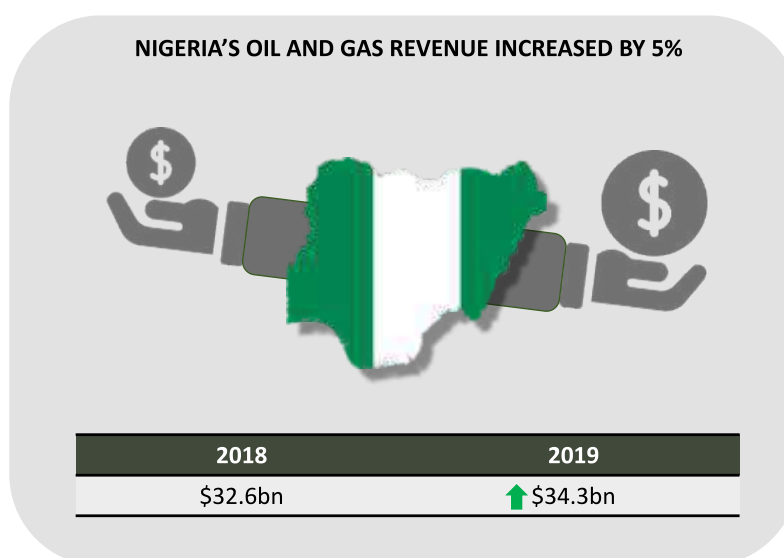


Figure 3: Year on year movement in oil and gas revenue

The Federation achieved a 5.07% revenue increase from US\$32.63billion in 2018 to US\$34.28billion in 2019. Table 1 is a trend of aggregate financial flow from 2010 to 2019.

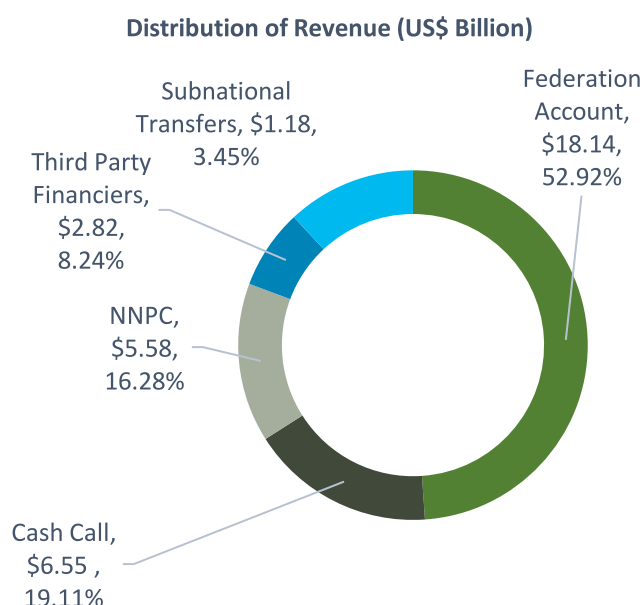
Table 1: Ten-year Aggregate Financial Flows

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion	US\$'Billion
Total	44.945	68.442	62.844	58.080	54.555	25	17	20.988	32.626	34.281	418.607
Change (\$'billion)		23.497	(5.598)	(4.764)	(3.525)	(30)	(8)	3.933	11.638	1.655	-
% Change		52.28%	-8.18%	-7.58%	-6.07%	(1)	(0)	23.06%	55.45%	5.07%	

Source: 2010-2018 NEITI Reports and NEITI 2019 Templates

Out of the US\$34.281billion total government revenue from the sector: US\$18.14billion (52.92%) was transferred into the Federation account, US\$6.55billion (19.11%) into the Cash-call account and US\$5.58billion (16.28%) into NNPC designated accounts. Furthermore, US\$2.82billion (8.24%) was transferred into third parties' project financing accounts while US\$1.18billion (3.45%) were subnational transfers, see **figure 4**.

Subnational transfers are payments made to State IRS, NDDC, Nigerian Content Development and Monitoring Board (NCDMB) and FMF. In addition to US\$5.58billion in NNPC designated accounts, US\$229.49million (N70.21billion) was downstream deductions on prior year domestic sales.



*Figure 4: Destination of total flows (US \$'billion)*

This gave a total of US\$5.81billion in the designated account. Of this amount, US\$515.34million (8.87%) was undistributed and US\$2.21billion (38.07%) was the downstream deduction. Also, US\$1.98billion (34.15%) was for statutory payments, while US\$915.65million (15.76%) was the dividend received from NLNG and US\$183.07million (3.15%) was transportation revenue under reconciliation. Statutory deductions are payments to FIRS, DPR, sinking fund for pre-export financing and credit notes offset.

### 3. Reconciliation

Revenue collected from the sector comprises income from the twenty-three (23) revenue streams identified in Chapter One. This section disaggregates total revenues received from the sale of Federation equity crude oil, gas and feedstock and profit oil. It also contains information on revenues from all non-financial transactions (in-kind PPT, EDT, concession rental and royalty). Furthermore, it includes sector specific revenue streams along with collections by other government entities.

The total collection from the sector in 2019 was US\$34.281billion, as presented in the **Table 2**. From the total collection, 98.03% (US\$33.605billion) was reconciled, while 1.97% (US\$675.549million) was unilaterally disclosed, as presented in the **Table 3**.

*Table 2: Aggregated Collection from The Sector*

Description	2019 US\$ 000
<b>SALES OF FEDERATION CRUDE OIL AND GAS</b>	
Proceeds from the sales of Federation equity crude oil	14,806,880
Proceeds from the sales of domestic crude oil	2,685,384
Proceeds from the sales of profit oil	709,624
Proceeds from the sales of Federation equity gas	641,001
Proceeds from the sales of Feedstock	864,854
<b>Total Sales of federation Crude Oil and Gas (i)</b>	<b>19,707,743</b>
<b>*PSCs / MCAs in Kind Payments</b>	
Petroleum Profit Tax- MCAs	329,407
Petroleum Profit Tax - PSCs	3,241,455
Royalty (Oil) - MCAs & RA	278,826
Royalty (Oil) - PSCs	528,045
EDT Oil- MCA	13,582
Concession rentals- PSCs	37
<b>Total PSCs / MCAs/ Other financial flows in-Kind Payments (ii)</b>	<b>4,391,352</b>
<b>Subtotal (A)=(i)-(ii)</b>	<b>15,316,390</b>
<b>Other Specific Financial Flows to the Government</b>	
Petroleum Profit Tax	6,784,862
Royalty (Oil)	4,513,417
Royalty (Gas)	126,777
Gas Flare Penalty (GFP)	307,591
Concession Rentals	2,658
Miscellaneous Income	308,640
Transportation Revenue	517,409
Signature Bonus & License Renewal	925,181
<b>Total Other Specific Financial Flows to Government (iii)</b>	<b>13,486,535</b>
<b>Other Flows to Government</b>	
Company Income Tax	1,167,980
Value Added Tax	1,195,367
Dividend from NLNG	915,646
Pay as You Earn	293,163
Capital Gain Tax	4,400
Withholding Tax	625,581

Description	2019 US\$ 000
Education Tax	423,586
<b>Total Other Flows to Government (iv)</b>	<b>4,625,723</b>
<b>Total Flows to Government (B)=(iii)+(iv)</b>	<b>18,112,258</b>
<b>Flows to other Entities</b>	
Niger Delta Development Commission (NDDC) 3% Levy	721,275
Nigerian Content Development and Monitoring Board (NCDMB) Levy	94,319
NESS Fee	36,495
<b>Total Flows to other Entities (C )</b>	<b>852,088</b>
<b>Grand Total (A)+(B)+(C )</b>	<b>34,280,736</b>

Source: NEITI 2019 Templates

Table 3: Summary of Reconciled and Unilaterally Disclosed Revenue Flows by Streams

S/N	Description	Company US\$ 000	Government US\$ 000	Difference US\$ 000	Contribution %
1	Proceeds from the sales of Federation equity crude oil	10,415,527	10,415,527	-	30.38%
2	Proceeds from the sales of domestic crude oil	2,685,384	2,685,384	-	7.83%
3	Proceeds from the sales of profit oil	709,624	709,624	-	2.07%
4	Proceeds from the sales of Federation equity gas	641,001	641,001	-	1.87%
5	Proceeds from the sales of Feedstock	864,854	864,854	-	2.52%
6	Petroleum Profit Tax (PPT)	6,784,862	6,784,862	-	19.79%
7	Royalty (Oil )	4,513,417	4,513,417	-	13.17%
8	Royalty (Gas)	126,777	126,777	-	0.37%
9	Gas Flare Penalty (GFP)	307,591	307,591	-	0.90%
10	Concession Rentals	2,658	2,658	-	0.01%
11	Transportation Revenue	517,409	334,342	183,067	1.51%
12	Signature Bonus & License Renewal	925,181	925,181	-	2.70%
13	Company Income Tax (CIT)	1,167,980	1,167,980	-	3.41%
14	Value Added Tax (VAT)	1,195,367	1,195,367	-	3.49%
15	Dividend from NLNG	915,646	915,646	-	2.67%
16	Capital Gain Tax	4,400	4,400	-	0.01%
17	Education Tax	423,586	423,586	-	1.24%
18	NDDC 3% Levy	721,275	721,275	-	2.10%
19	NCDMB Levy	94,319	94,319	-	0.28%
20 a	Withholding Tax- Corporate	588,329	588,329	-	1.72%

S/N	Description	Company US\$ 000	Government US\$ 000	Difference US\$ 000	Contribution %
	<b>Subtotal Reconciled (A )</b>	33,605,187	32,833,790	183,067	98.03%
<b>20 b</b>	Withholding Tax- Unincorporated	37,252	-	N/A	0.11%
<b>21</b>	Pay as You Earn	293,163	-	N/A	0.86%
<b>22</b>	NESS Fee	36,495	-	N/A	0.11%
<b>23</b>	Miscellaneous Income	308,640	-	N/A	0.90%
	<b>Subtotal- Unilaterally Disclosed (B )</b>	675,549	-	-	1.97%
	<b>Total ( A + B )</b>	34,280,736	32,833,790	183,067	100.00%

Source: NEITI 2019 Templates

#### 4. Production and Export

##### 4.1. Production

Total fiscalised crude oil production was 735.244mmbbls in 2019. This was 4.87% higher than the 701,101.41mmbbls reported in 2018. Of the 735.244mmbbls produced in 2019, 109.941mmbbls (15%) was condensate injected into the crude oil. **Table 4** shows summary of crude oil production based on production arrangements.

*Table 4: Total Fiscalised Crude Oil Production*

Descriptions	2019 Mmbbls	2018 mmbbls	Change %
Joint Venture (JV)*	310,284.88	314,895.42	-1.46%
Production Sharing Contract (PSC)	312,041.61	270,610.38	15.31%
Service Contract (SC)	1,330.61	1,337.89	-0.54%
Sole Risk (SR)	89,824.41	92,207.26	-2.58%
Marginal Field (MF)	21,762.64	22,050.46	-1.31%
<b>Total Production</b>	<b>735,244.15</b>	<b>701,101.41</b>	<b>4.87%</b>

Source: NEITI 2019 Audit Templates

NEITI 2018 Report

NNPC 2019 Annual Production and Lifting Report

Total gas production in 2019 was 3,047,507.32mmscf compared to 2,909,143.56mmscf in 2018. This was a 4.8% increase in production. Table 5 shows the summary of gas production per arrangement.

*Table 5: Total Gas Production*

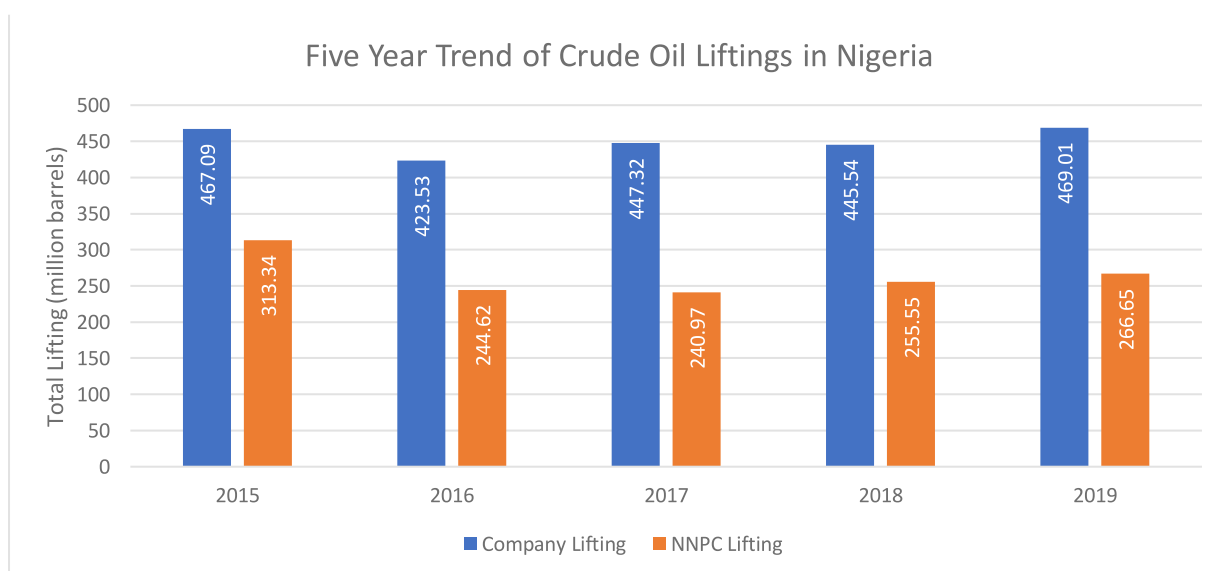
Description	2019	2018	Change
	mmscf	Mmscf	%
Joint Venture (JV)	2,133,073.56	2,167,238.84	-1.6%
Production Sharing Contract (PSC)	624,930.74	599,471.67	4.2%
Sole Risk (SR)	211,010.04	78,008.79	170.5%
Marginal Field	76,998.59	62,961.93	22.3%
Service Contract (SC)	1,494.40	1,462.33	2.2%
<b>TOTAL</b>	<b>3,047,507.32</b>	<b>2,909,143.56</b>	<b>4.8%</b>

Source: NEITI 2019 Audit Templates  
NEITI 2018 Report  
DPR 2019 Signed-off Reports

#### 4.2. Lifting, Export and Domestic

The total crude oil lifted was 735.661 mmbbls in 2019. This was 4.93% higher than liftings in 2018 (701.090 mmbbls). These were crude oil lifted by the Companies and the NNPC on behalf of the Federation (export and domestic), Federal Inland Revenue Service (FIRS), DPR and third parties' project financing.

Out of the total crude oil lifted- 735.661mmbbls, PSC production arrangements recorded the highest share with 311.668mmbbls (42.37%) followed by JVs and AFs with 304.471mmbbls (41.39%). Others included SR with 95.814mmbbls (13.02%), MF-22.321mmbbls (3.03%) and SC-1.386mmbbls (0.19%). **Figure 5** shows crude oil liftings for the most recent five-year period. Nigeria recorded the highest lifting in 2015 with 780.43mmbbls. There was a sharp decline in 2016 due to a decline in production. Subsequently, there has been a steady increase in crude oil liftings.



*Figure 5: A Five-year Trend of Gas Liftings in Nigeria (2015- 2019)*



From the total crude oil lifting of **735.661mmbbls**, companies lifted **469.010mmbbls**. The remaining **266.65mmbbls** was lifted by NNPC-- this was valued at **US\$17.441billion**. Of the **US\$17.441 billion**, **US\$2.757billion** was sale receivables and the remaining balance of **US\$14.684billion** was cash receipts from 2019 sales. In addition to the cash receipts, a total of **US\$3.518billion** accrued as receipts from sales proceeds from Federation equity crude, profit oil and in-kind payments. The **US\$3.518billion** is made up of **US\$1.249billion** undistributed balance from 2018 and **US\$2.268billion** prior year receivables. A total of **US\$18.202billion** was the aggregate cash receipts for 2019.

Furthermore, total gas and Nigeria Liquefied Natural Gas (NLNG) feedstock sold by NNPC was US\$1.476billion (1,357mmt of gas and 621,188mBtu of feedstock) in 2019.

Of the US\$1.476billion sold in 2019, NLNG Feedstock was 64% (US\$939.533million). Furthermore, Liquid Petroleum Gas (LPG)/ natural gas liquids (NGL) export and NGL domestic accounted for 16% (US\$247.794million) while third-party Project Falcon under cash call repayment agreements was 20% (US\$288.867million).

In addition to the US\$1.476billion sales made in 2019, US\$370.571million was available for distribution. US\$370.571million included US\$34.679million as undistributed from prior year balances, US\$93.454million as receipt from prior year receivables and US\$242.438million as receipts from interest and other classified lodgements.

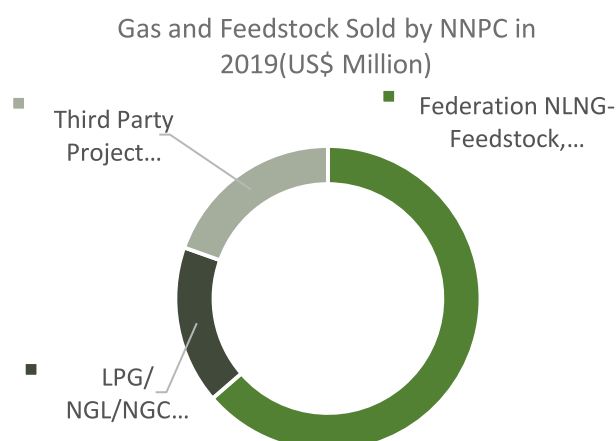


Figure 6: Gas and Feedstock sold by NNPC in 2019

A total of N2.145trillion (US\$7.011billion) was the domestic sales proceeds in 2019. Total domestic crude oil sales were 107.239mmbbls in 2019. This was 0.36% lower than the domestic crude sales in 2018 (107.626mmbbls). Of the 107.239mmbbls in 2019, 97% (104.475mmbbls) was utilized for the DSDP programme while 3% (2.764mmbbls) was delivered to the refineries.

In addition to total sales proceed of N2.145trillion (US\$7.011billion) in 2019, NNPC received N606.902billion (US\$1.984billion) for prior year sales receivables and N29.588billion (US\$96.711million) as undistributed funds from the prior year. Also, N14.183billion (US\$46.358million) was received as miscellaneous revenue in 2019. This gives a total of N2.796trillion (US\$9.138billion) as the aggregate amount available for distribution from domestic crude oil sales and miscellaneous revenue in 2019. Of this amount, N1.472trillion (US\$4.812billion) was deposited into CBN/NNPC domestic crude oil revenue Naira account. Furthermore, the sales receivable was N717.060billion (US\$2.343billion) while N676.582billion (US\$2.212billion) were the deductions.

The deductions of N676.582billion included N518.074billion for under-recovery of imported petroleum products, N31.844billion for crude and product losses and N126.664billion for pipeline repairs and maintenance costs. This represented 25% of the N2.722trillion total domestic sales remittable by NNPC in 2019. The N2.722trillion comprised N576.596billion for 2018 sales receivables and N2.145trillion for 2019 sales.

## 5. Cash Call funding

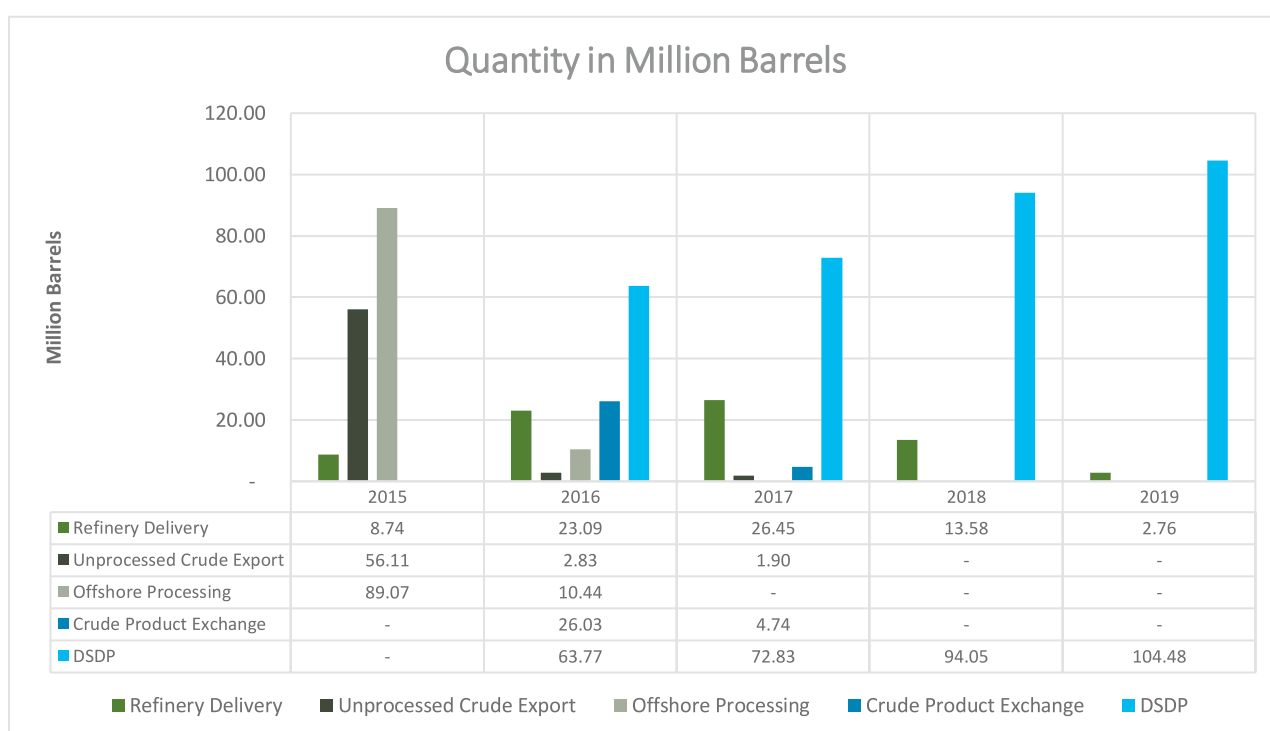
There are fourteen (14) JV operators for the thirteen (13) JVs, NPDC is the 14<sup>th</sup> operator managing some of the assets belonging to NNPC/SPDC and NNPC/CNL JVs. A total of US\$6.72billion was the NNPC's share of approved JV OPCOM budget for 2019.

- The total inflow into the JVCC accounts in 2019 was US\$7.150billion (N921.688billion and US\$4.148billion). In addition, US\$1.312billion (N106.095billion and US\$964.052million) was carried forward arising from undistributed balances in 2018. This brought the total amount distributable in 2019 to US\$8.462billion.
- From the total of US\$8.462billion available for distribution in 2019, US\$4.806billion (57%) was paid out for 2019 cash call transactions while US\$910.206million (11%) was for cash call arrears (2018 and 2016). Other payments were, US\$707.066million (8%) for Gas Infrastructure Development and Frontier Exploration Services, US\$72.131million (1%) to the Federation Account, and US\$316.523million (4%) for NAPIMS Operation (2019 and 2018 arrears).
- Furthermore, US\$300million (3%) was for monetization (This related to intrabank transfer/current exchange from Dollar account to Naira account and vice versa). US\$58.673million (1%) was for NESS/VAT/WHT, US\$102.476million (1%) as reversed and refunded cash call payments, US\$4,760 (0.000056%) as bank charges, US\$133.333million (2%) as Liquefied Natural Gas (LNG) payment and US\$1.055billion (12%) as undistributed balance in the account.
- Of the US\$224.348million released for 2019 NAPIMS operations, there was an unspent balance of US\$12.466million.
- Total cash call for 2019 was US\$5.512 billion (US\$2.898 billion and N797.324billion) which was based on the cash call mandates issued to each JV operators. This is made of US\$4.806billion paid out from the JVCC bank account (January to September 2019) and US\$706.49 million unpaid cash calls (October to December 2019). Under NAPIMS' operational practice, the payments were made between January and March 2020.
- Total outstanding Cash-call legacy liabilities was \$1.900billion as at 31<sup>st</sup> December 2019.

## 6. Downstream operations

### 6.1. Domestic Crude Allocation and Utilization

The total domestic crude allocation in 2019 was 107.24mmbbls. Of this quantity, 2.76mmbbls (3%) was utilized as refinery deliveries while 104.48mmbbls (97%) was exported under the DSDP arrangement. **Figure 7** shows the five (5) year trend of total domestic crude allocations and refinery deliveries.



*Figure 7: Total Domestic Allocation and Refinery Delivery 2015-2019*

Furthermore, there were 1,387 pipeline breaks reported in 2019. Mosimi recorded the highest number, with 637 pipeline breaks followed by Port Harcourt area with 536 and Warri with 96.

A total of 330,362.02m<sup>3</sup> of PMS valued at N44,030,649,492.48 (US\$330,362.02) was lost because of vandalism and leaks of the product pipelines across the country in 2019. There were no Dual-Purpose Kerosene (DPK) and Automotive Gas Oil (AGO) pumping operations in 2019.

## 6.2. Products Supplied

Total DPK imports in 2019 were 329.397million liters on account of NNPC. Of these imports, NNPC distributed 21% (31.470million liters) while other marketers distributed 79% (116.659 million liters). Furthermore, total PMS imports were 20.603billion liters with NNPC accounting for 100% of the total import. Of these imports, NNPC distributed 27% (5.568billion liters) while other marketers distributed 73% (15.036million liters).

Table 6 shows the summary of imported and distributed products in 2019.

*Table 6: Imported and distributed Products in 2019*

Products	NNPC Volume	Other Marketers	2019	2018	Change
	Liters (Thousands)	Liters'000 (Thousands)	Total Volume Liters (Thousands)	Total Volume Liters (Thousands)	%
PMS	5,567,596.76	15,035,539.45	20,603,136.22	20,001,717.86	3%
DPK/HHK	31,469.54	116,659.00	148,128.55	329,396.93	-55%

Source: PPPRA and NEITI 2019 Templates

## 7. Social & Economic Spending

### 7.1. Social Spending

Total social expenditure (mandatory and non-mandatory) was US\$896.891million. This consisted of non-mandatory contribution of US\$81.297million (9.06%) and mandatory contribution of US\$815.594million (90.94%). Mandatory contributions consisted of NDDC's 3% levy of US\$721.275million and NCDMB's 1% levy of US\$94.319million.

### 7.2. Quasi- Fiscal Expenditures

The IA identified two (2) items of expenditure by NNPC without appropriation as stated below:

- N213.074billion resulting from the spending of N518.074billion on cost of under recovery for imported petroleum products as against N305billion provision in the approved national budget.
- N36.628billion resulting from the spending of N126.664billion on pipeline maintenance and management as against N90.036billion provision in the approved national budget.

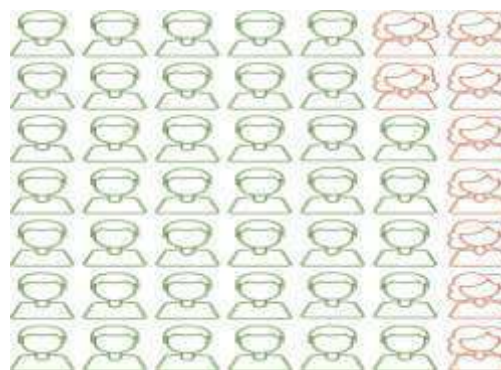
### 7.3. Contribution of the industry to the Economy

The contributions of the industry to the economy of Nigeria in 2019 is summarized below:

- Contribution to Gross Domestic Product (GDP):** The government receipts from the industry were US\$34.281billion in absolute terms. This represents 7.21 % of the total GDP (US\$475.293billion) and 84.71% of total GDP from the sector.
- Contribution to total exports:** total government exports from the industry amounted to US\$18.734billion in absolute terms. This represents 29.9% of total exports (US\$ 62.626billion).

### 7.4. Employment and Gender

The IA sent the reporting template to all the companies in scope for reporting identified in the Inception Report, however, only 45 were returned, the majority of which were completed in full and correctly. The 45 completed templates recorded a total of 12,056 employees of which 82% were male and 18% female. The percentage of top management was 5%, middle management was 33% and 62% were lower-level staff.



In top management, 78% were male and 22% female, in middle and lower management, 82% were male and 18% female. In terms of nationals employed in top management, 86% were Nigerian nationals and in middle and lower, the figures were 91% and 98% respectively. The returned templates did not report any employees as being physically challenged.

### 7.5. Environmental Impact

#### Key findings and recommendations

- Under the environment monitoring section, companies reported total payments of US\$2.420million and N33.191million. Total payments to government of US\$102,849.57 were reported and one company reported payments to communities totalling US\$143,074.18.

*Table 7: Summary of environment payment*

EIA			EME		EDM					
	Quantity	Cost (USD)	Cost (NGN)	Total payments (US\$)	Total payments (NGN)	Water	Air	Land	Payments to govt (US\$)	Payments to communities (US\$)
Total	22	480,525	154,484,423	2,420,268	33,190,931	62	4	17	102,850	143,074

Source: NEITI 2019 Template

- Result from focus study/ clarifications on environment sought from entities are summarized in the assessment grid below.

*Table 8: Summary of assessment feedback on the environment monitoring*

S/N	Description	Key Performance Indicators (KPI)	Basis for IA's Evaluation	Findings	Recommendation
1	EGASPIN: Thematic Activities	Frequency of Reporting a) Seismic activities: quarterly submission of report. b) Exploration and Development: reporting on drilling practices.	DPR feedback on exploration and development activities.	DPR tracked environment data along the exploration value chain. This includes seismic data acquisition, FDPs and Well activities.	DPR to sustain reporting framework.
2	EGASPIN- Environmental audits	Frequency of Audit a) Management Audit- Every four years b) Compliance Audit- Quarterly c) Site/ Facility/ Plant Audit- Every 2 years NB: These audits can be 1st, 2nd and /or 3rd party audits.	DPR/ Entities feedback on audit Reports submitted by licenses/operators to DPR. Also, list of the environmental audits carried out by the licensees/operators.	DPR confirmed that environmental audits were carried out.	DPR to sustain reporting and encourage systematic disclosure in line with requirement of the EGASPIN.
3	Oil Spills and Other environmental incidences	Frequency of Occurrence	NEITI returned templates by companies.  The template covers • Environmental Impact Assessment • Environmental Monitoring and Evaluation • Environmental Disaster Management	A total of 83 incidents involving environmental damage were reported by companies in the NEITI templates. These are a) Water -62 incidents b) Air- 4 incidents c) Land- 17 incidents	NOSDRA to sustain implementation of incidence management in the sector.
4	Flare Gas (Prevention of Waste and Pollution) Regulation promulgated in 2018	Quantity of flare gas	NEITI Returned template on Gas Flare Penalty.	A total of 264,732mmscf was Gas flare in 2019. This was 0.8% lower than 2018 (266,869mmscf).  The revenue from Gas flare penalty was significantly higher in 2019.	DPR to sustain implementation of the regulation.

Source: NEITI 2019 Focus Study and Review

## 8. Observation and Recommendations

NEITI oil and gas industry reports in the past have identified issues that required the attention of stakeholders. These issues have been disaggregated along the implementing entities. See Table 9 and 10 for summary of the update on past recommendations from NEITI Reports and the 2019 recommendations.

*Table 9: Update on past recommendations from NEITI Report*

S/N	Issues	Details of the Issue	Recommendation	Status of Implementation (Yes/No/Ongoing)
1	NPDC Legacy Liability	Liability status on GVC in respect of SPDC and NAOC divested assets to NPDC.	The payment terms as agreed by NNPC should be adhered to, while DPR and FIRS should carry out close monitoring and quarterly reconciliation with the concerned Entities to ensure compliance with the agreed repayment plan.	<u>Ongoing</u> Future payment plans have been agreed between NNPC and concerned organizations to be settled over time.
2	Operation & Management of Cash-calls	Non-JV Cash call expenses and outstanding Cash-calls liabilities.	There should be full implementation of the new JV self – funding model that has been approved (Agreement between NNPC & International oil company -IOCs).	<u>Yes</u> NNPC confirmed that transitory accounts have been opened for all the four IOCs plus three Indigenous companies, seven indigenous companies still in process. All these are measures taken by NNPC - NAPIMS to ensure the full implementation of the self-funding model.
3	Losses from Crude Theft and Sabotage	Incessant crude losses in the industry	<p>a. NNPC should ensure proper surveillance (land based, and aerial satellite photography and geo-phones trenched pipelines) to minimize vandalization and crude oil theft, and the pipeline networks need to be updated.</p> <p>b. The Federal Government needs to ensure the success of oil and gas industrial parks in the Niger Delta region; this will ensure the development of oil and gas infrastructure in the oil-producing states. It will create employment for the populace in the Niger Delta.</p>	<u>Yes</u> NNPC confirmed that there are recent efforts by both the Federal Government and NNPC in collaboration with Security Agents, in ensuring the safety of pipelines, both Crude and White products pipeline. In addition, Operation White was carried out recently by NNPC to minimize losses for products theft and sabotage.
4	Pipeline transportation revenue	Non-disclosure of revenue from pipeline transportation by NNPC.	NNPC and SPDC should provide the basis for the computation of amount payable to ensure that government receives what is due while NNPC should account for the difference.	Ongoing



S/N	Issues	Details of the Issue	Recommendation	Status of Implementation (Yes/No/Ongoing)
5	Delay in remittance of net domestic crude sales proceeds to the federation account	<p>The opportunity cost of the delay is N17.5 billion.</p> <p>It is evident that the NNPC consistently delayed in remitting sales proceeds from crude oil proceeds based on the sales terms of ninety (90) days—the delay ranges from 21 days to 55 days.</p>	NNPC to ensure that payments are made as and when due.	<p><u>Yes</u></p> <p>NNPC confirmed that domestic crude oil &amp; gas payments are consistently made on time ahead of the FAAC meeting occurring immediately after expiration of the 90-day credit period.</p>
6	Under-utilization of the National Refineries	<p>Of the total quantities of crude allocated for domestic utilization, only 13% (13.581 million barrels) was delivered to and utilized by the refineries.</p> <p>This implies that the refineries operated at only 8%<sup>2</sup> of installed capacity.</p>	The Federal Government should evolve innovative ways of optimizing the utilization of existing refineries.	<p><u>Yes</u></p> <p>NNPC confirmed that strategies have been emplaced for the comprehensive rehabilitation of all the nation's refineries by Engineering, Procurement and Construction (EPC) contractors through a restrictive tendering process.</p> <p>Update for each refinery are as highlighted below:</p> <ul style="list-style-type: none"> <li>• PHRC: Invitation to tender has been issued to shortlisted EPC contractors through Nigerian Petroleum Exchange (NIPEX) Portal and Bids submission is expected on/before November 23, 2020. The Invitation is for both old Port-Harcourt Refinery and new Port-Harcourt Refinery, with combined capacity of 210,000bpsd towards achieving a minimum of 90% capacity utilization. National Engineering &amp; Technical Company Limited (NETCO)/KBR Inc. engaged as Project Management Consultant/Owner's Engineer (PMC/OE), while top management approval secured for engagement of Refinery Project Coordinator (RPC) for the progress of the rehabilitation project.</li> <li>• WRPC: Plant was shut down in July 2019 for major rehabilitation. Phase 1- technical audit is ongoing to establish a detailed Scope of Work (SoW).</li> <li>• KRPC: NETCO/KBR Inc. engaged as</li> </ul>

<sup>2</sup> 8% is the percentage of 2018 refinery deliveries (13.581million barrels) against total expected input capacity level (160.2million barrels).



S/N	Issues	Details of the Issue	Recommendation	Status of Implementation (Yes/No/Ongoing)
				PMC/OE for the technical audit and Rehabilitation of KRPC. Management kick-Off meeting between KRPC and NETCO/KBR Inc. held on 13/10/2020, while the technical kick-off meeting was scheduled for 27/10/2020.
7	Oil and Gas revenue budget presented on a net basis	The NASS approved budget revealed that no line item provision for cash call was made and the total expected oil revenue was disclosed on net basis (i.e. differentials of total oil revenue and cost recovery).	It is appropriate that NNPC presents the oil and gas budget on gross basis (total receipt, total payments, and net surplus/deficit). This follows the full disclosure requirement of IPSAS 24—Presentation of Budget Information in Financial Statements.	<u>Yes</u> NNPC confirmed reliance on the provisions of the International Financial Reporting Standards (IFRS) with no recourse to IPSAS on Budget preparation.
8	Computation of Under Recovery by the NNPC	NNPC deducted the sum of N722.256billion as Under Recovery cost in 2018. The cost is incurred when government augments the landing cost of imported white products (PMS) to the country. The recovered sums are determined exclusively by the NNPC.	The Report proposes that the PPPRA, an agency of government with the mandate (by Law) and requisite capacity, to participate in the under/over recovery computations.  This collaboration provides a form of check and balance. It will improve the overall transparency and accountability required by the process.	<u>Yes</u> NNPC confirmed that under-recovery ended in March 2020.
9	Outstanding Liabilities	The report reveals companies with outstanding liabilities as at end of year.  The nonpayment of these funds as and when due resulted to a revenue loss to the Federation (in both absolute terms and opportunity cost on commercial terms).	Respective government agencies to intensify efforts to recover the debt.	Ongoing

*Table 10: Observations and recommendations for 2019*

S/N	Observations/ findings	Implication	Responsibility	Entity's Response	Recommendations
1	Reporting process of Crude Oil Production: NNPC reporting pattern differs from DPR.	The disparity in the reporting process poses challenges on misrepresentation of NNPC data that have been systematically disclosed.	NNPC- COMD		NNPC should align its reporting systems with the DPR (being the entity statutorily responsible for metering in the industry).
2	Transportation Revenue  A total of US\$17.41million was reported as transportation fees by JV companies. Of this amount, NNPC confirmed US\$334.34million.	A total of US\$183.07million is under reconciliation by NNPC.	NNPC- Group Treasury	Reconciliation with relevant companies is ongoing and will be concluded.	NNPC should conclude the detailed reconciliation. This should be carried out on a regular basis as a mechanism for checks and balances.
3	Outstanding Liabilities  The report reveals companies with outstanding liabilities as at 2019-year end.	The nonpayment of these funds as and when due.	Companies		Respective government agencies to intensify efforts to recover the debt.

# FULL REPORT

## CHAPTER 1

### 1. Background

This report is the “Financial, Physical and Process Audit: An independent report assessing and reconciling physical and financial flows within Nigeria’s oil and gas industry for the year 2019.” It is the twelfth (12<sup>th</sup>) oil and gas industry report published by the Nigeria Extractive Industries Transparency Initiative (NEITI).

The report was prepared in line with the Extractive Industries Transparency Initiative (EITI) Standard of 2019 and the NEITI Act 2007. The report consists of seven (7) sections covering background information, exploration, production and export, revenue collection and allocation, social expenditure, outcomes, and impacts. It also includes information on new areas introduced under the 2019 EITI Standard such as project-level reporting, and environmental and gender reporting. This should be read in conjunction with the contextual information contained [here](#)<sup>1</sup>.

The National Stakeholders Working Group (NSWG) of the Nigeria Extractive Industries Transparency Initiative (NEITI) appointed the firm of Adeshile Adedeji & Co. (Chartered Accountants) as the Independent Auditor (IA) to conduct the 2019 Oil and Gas Industry Audit in line with the Terms of Reference -TOR (see Appendix 1) after a competitive bidding process.

#### 1.1. The National Stakeholders Working Group (NSWG)

The core pillar of EITI is its multi-stakeholder structure, bringing together government, civil society, and industry representatives. This structure is replicated in the governing body of every EITI implementing country. The NSWG is the governing body of NEITI and consists of 15 members representing government, civil society, and the extractive industry companies. See [here](#)<sup>2</sup> for details on stakeholders and [here](#)<sup>3</sup> for citizens’ engagement.

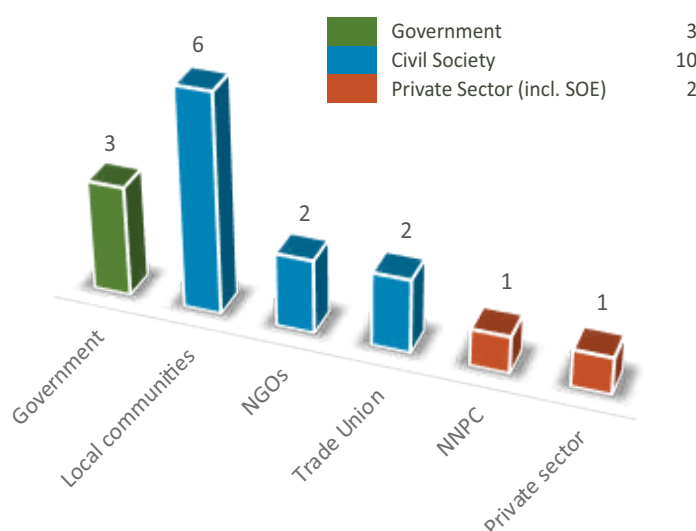


Figure 1: Composition of the NEITI NSWG

<sup>1</sup> <https://www.neiti.gov.ng/index.php/extractive-value-chain> <https://neiti.gov.ng/index.php/aboutus/neiti-stakeholders>

<sup>2</sup>

<sup>3</sup> <https://neiti.gov.ng/index.php/citizen-participation>

## 1.2. Objective of the Report

The main objective is to produce the 2019 NEITI Oil and Gas Industry report in compliance with the NEITI Act 2007 and the EITI Standard 2019. In addition, the report will communicate the findings and recommendations of the IA and provide updates on developments in the industry from the last reconciliation report. The report is titled: “Financial, Physical and Process Audit: An Independent report assessing and reconciling physical and financial flows within Nigeria’s oil and gas industry for the year 2019.”

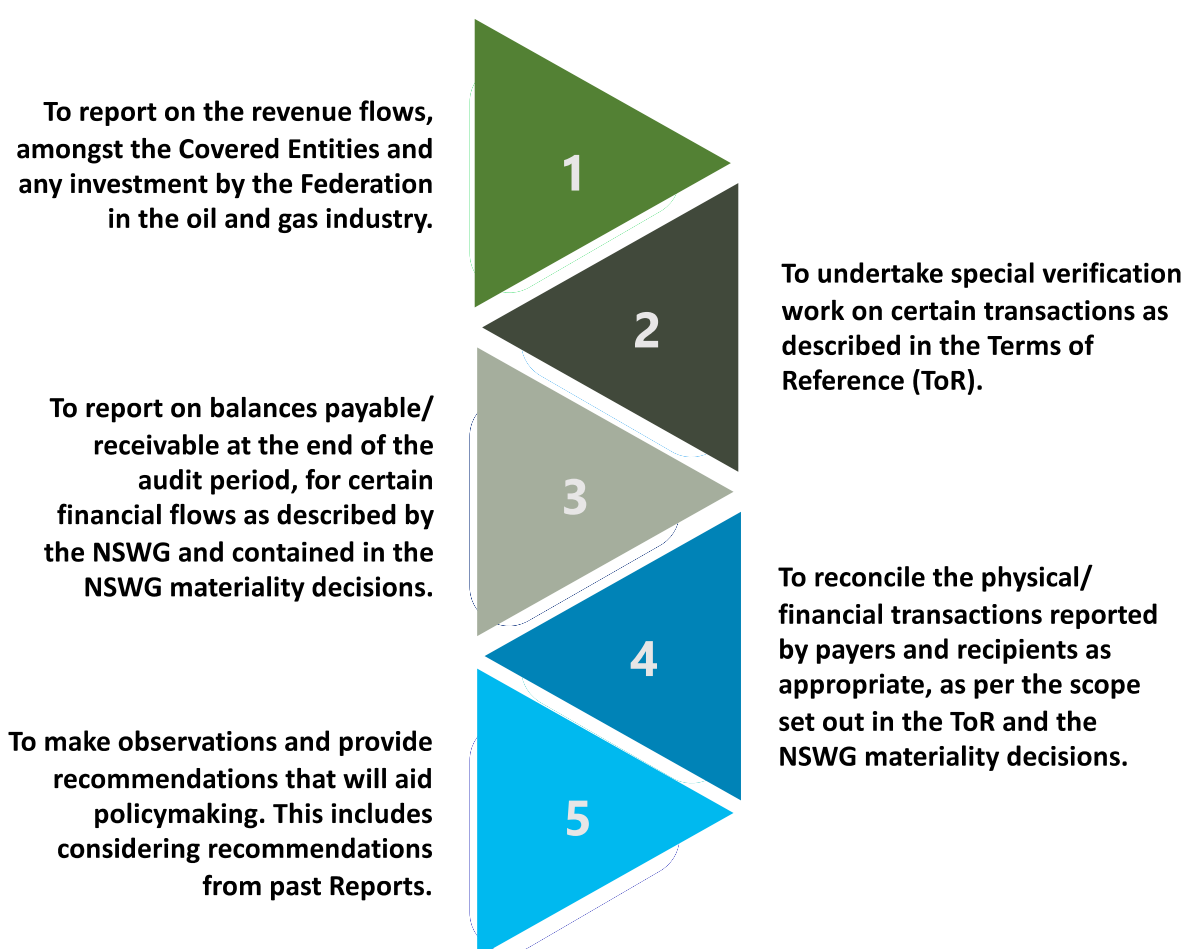


FIGURE 2 : DESCRIPTION OF THE SPECIFIC OBJECTIVES OF THE ASSIGNMENT

See appendix 1- Terms of Reference for further details.

### 1.3. Systematic Disclosure and Mainstreaming

Systematic disclosure and mainstreaming are used interchangeably to refer to the process by which government and company information from the extractive sector are routinely and publicly disclosed via the company's and government's platforms. They include the publication of financial data/information/report, annual reports, statistical bulletins, factsheets etc. via information portals and other open data initiatives. One example of such platforms is the contextual information section on the NEITI website at <https://neiti.gov.ng/index.php/extractive-value-chain>. The objective of this exercise is to have all relevant government and extractive sector companies provide relevant extractive sector information in an open and accessible format in the public domain.

The NEITI NSWG, through the Secretariat, has pushed for systematic disclosures by government agencies and companies in the oil and gas sector through multi-lateral and bilateral engagement. The IA examined the level of compliance to systematic disclosure by covered entities (CEs) in line with the EITI requirement, see Appendix 18 for a detailed update on the 2019 information summary. Also, see disclosures from NNPC [here](#)<sup>4</sup>.

### 1.4. Data Collection, Sources and Basis of Accounting

This section sets out the measures that the IA deployed to collect data, verify data sources as well as the basis of accounting to ascertain the financial flows in the oil and gas industry.

#### 1.4.1. Data Collection

The IA collected data using the NEITI 2019 audit templates in Excel format (see Appendix 19). The IA's project secretariat also provided additional support to assist the Covered Entities (CEs) during the completion of the templates. (See [here](#) for CEs detail).

#### 1.4.2. Data Sources

The IA sourced primary data from the NEITI data collection templates. Secondary and tertiary data from the following:

- i. CEs' audited financial statements and/or management accounts.
- ii. Department of Petroleum Resources (DPR) production and lifting sign-off reports.
- iii. Nigerian National Petroleum Corporation's (NNPC) annual production and lifting reports.
- iv. NNPC and companies' payment receipts, TELEX, and SWIFT documents.
- v. Corroborating documents/data from NNPC, DPR, Revenue Mobilization Allocation and Fiscal Commission (RMAFC), National Bureau of Statistics (NBS) and other relevant publications by CEs.

<sup>4</sup> <https://www.nnpcgroup.com/EITISupport/Pages/default.aspx>

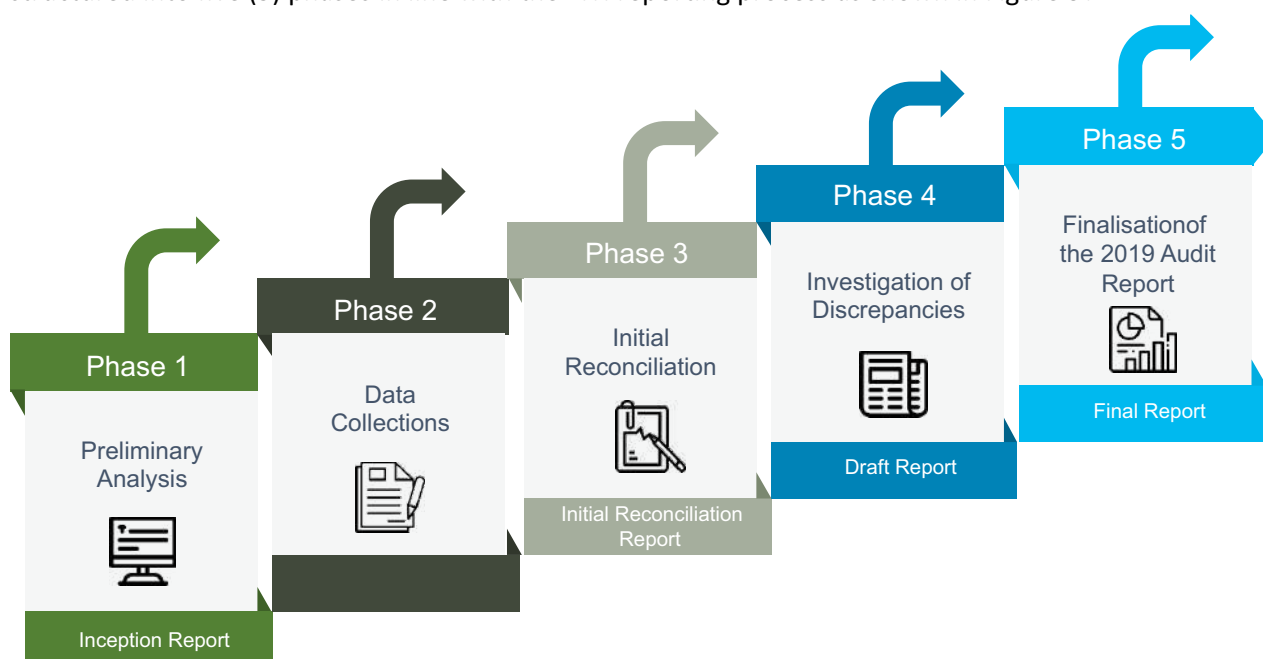
### 1.4.3. Basis of Accounting

The report adheres to the requirements of the International Standards on Auditing (ISA)—both for audit planning and obtaining audit evidence. It also conforms to the International Standard on Related Services (ISRS) 4400; more specifically a standard that covers the details of an engagement to perform agreed-upon procedures regarding financial information.

Total receipt from industry is presented on a cash basis in the report; however, sales receivables with cash receipts expected in 2020 are also identified.

### 1.5. Scope of Work

The IA designed the audit methodology in line with the objectives and the scope of the audit. This is structured into five (5) phases in line with the EITI reporting process as shown in Figure 3.



**FIGURE 3 SCOPE OF WORK**

See Appendix 1- Terms of Reference for further details.

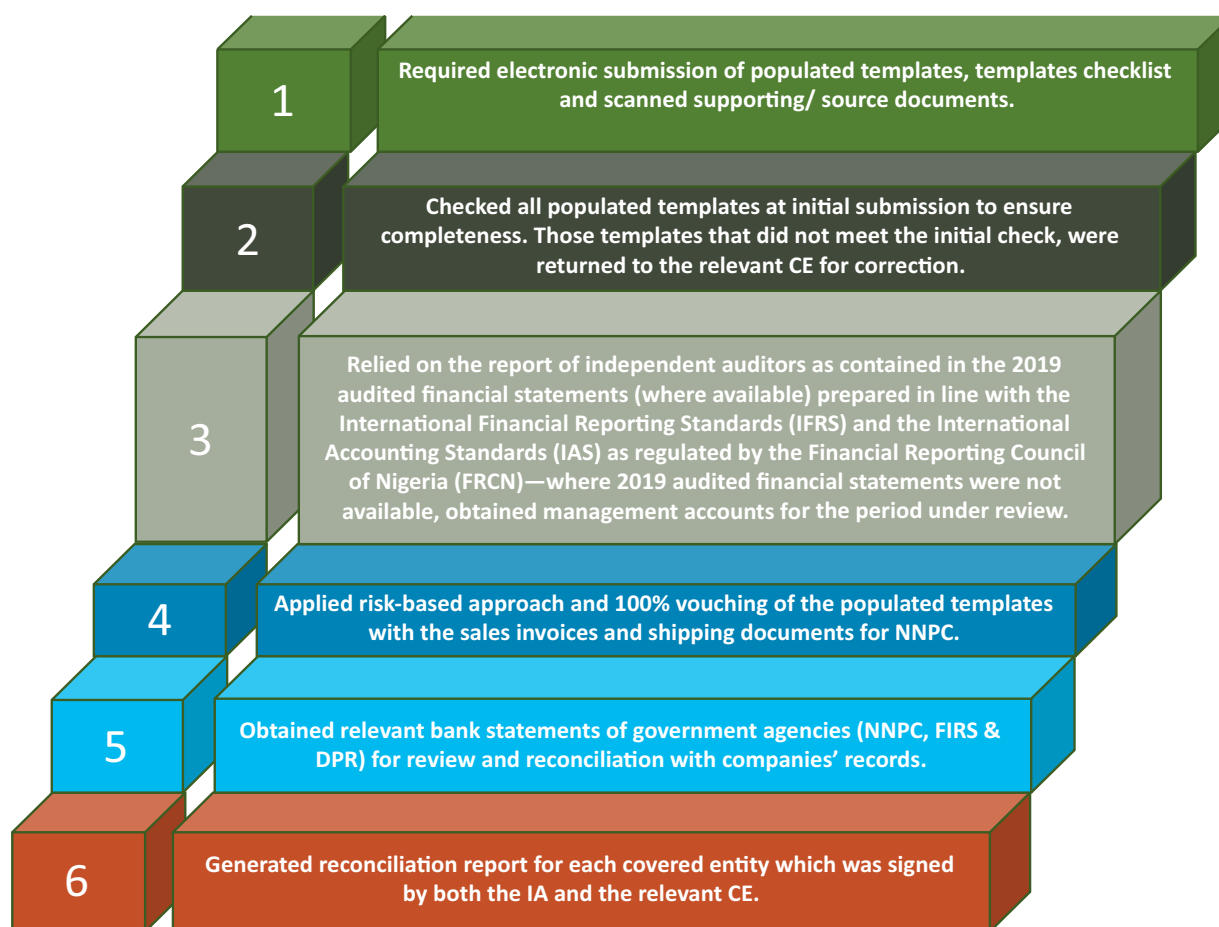
The Inception Report (Appendix 4) provides detailed schematics on the EITI Reporting process.

## 1.6. Materiality for the Report

IA assessed the materiality decision of the NSWG and asserts that twenty-three (23) revenue streams are covered in this report. This gives a total receipt of US\$34.218billion. Of this amount, US\$33.543billion (98.03%) was reconciled and US\$675.549million (1.97%) was unilaterally disclosed. See Appendix 2 on NEITI NSWG Materiality Decision for further details and Appendix 3 for the IA's assessment on materiality.

## 1.7. Data Quality, Completeness and Accuracy

The IA relied on the existing legal frameworks for data quality and assurance in Nigeria. These include the Nigerian Constitution, the Companies and Allied Matters Act and the Financial Reporting Council Act. These were applied alongside other regulations and policies that support the provision of quality financial data from audits in Nigeria. See Appendix 3 for quantitative assessment for quality, accuracy and completeness of data used by the report. Also see Figure 4 for data assurance procedure and the Inception Report (Appendix 4) for the regulations and policies adopted by the IA to support the provision of quality-assured data.



**FIGURE 4: DATA QUALITY ASSESSMENT PROCEDURES**



The IA complied with the EITI Standard 2019 and the application of ISA. Also, the IA deployed procedures aimed at ensuring the quality, accuracy and completeness of data and other resources used for the reconciliation exercise. This was achieved despite the restrictions imposed by the Coronavirus Disease (Covid-19) pandemic. The IA used a template checklist to ensure completeness of returned audit templates. In addition, the audit checklist was used to obtain other supporting documents to validate the populated audit templates returned by the CEs. The IA attests to the completeness, accuracy and quality of the data used in producing this reconciliation report. See Appendix 19 for details of template and audit checklists deployed by IA to ensure optimal data quality and completeness.

### 1.7.1. Revenue Streams

The report covers revenues collected from the upstream operations in the oil and gas sector and those obtained from the sales of government shares (Federation share in oil and gas) as captured by receipts from designated government and sub-national entities.

RECONCILED	
<b>Department of Petroleum Resources (DPR)</b>	
1	Royalty (oil)
2	Royalty (gas)
3	Signature bonus
4	Flare gas payment
5	Concession rentals
<b>Federal Inland Revenue Service (FIRS)</b>	
6	Petroleum Profit Tax
7	Companies Income Tax
8	Capital Gains Tax
9	Education Tax
10	Value Added Tax
<b>Niger Delta Development Commission (NDDC)</b>	
11	NDDC 3% Levy
<b>Nigerian Content Development and Monitoring Board (NCDMB)</b>	
12	NCDMB 1% Levy
<b>Nigerian National Petroleum Corporation (NNPC)</b>	
13	Dividend from NLNG
14	Transportation fees/ Pipeline/ Haulage Fees
15	Proceeds from the sale of federation equity crude oil
16	Proceeds from the sale of domestic crude
17	Proceeds from the sale of profit oil
18	Proceeds from the sale of federation equity gas
19	Proceeds from the sale of feedstock
UNILATERALLY DISCLOSED	
<b>Federal Inland Revenue Service (FIRS)</b>	
1	Withholding Tax
2	Pay as You Earn
<b>Federal Ministry of Finance (MOF)</b>	
3	NESS Fee
<b>Nigerian National Petroleum Corporation (NNPC)</b>	
4	Miscellaneous income

Figure 5: Revenue streams covered by the Report

A total of twenty-three (23) revenue streams were identified in 2019, of which, nineteen (19) were fully reconciled while four (4) streams (Nigerian Export Supervision Scheme (NESS) Fee, Withholding Tax, Pay as You Earn and miscellaneous income) were unilaterally disclosed per the relevant NSWG decision. See Figure 5. The promulgation of Flare Gas (Prevention of Waste and Pollution) Regulation in 2018 renamed gas flare revenue from Gas Flare Penalty to Flare Gas Payment.

### 1.7.2. Companies Covered by the Report

The report covers a total of eighty-nine (89) companies, which comprises 88 oil and gas companies and the NLNG (a natural gas company), see Table 1. Of the 89 companies, 82 made payments (including NLNG) in 2019 and the remaining 7 did not make payments because they were not in operation in the audited year. See Table 2.

**TABLE 1: COMPANIES COVERED BY THE REPORT**

S/N	Company	S/N	Company
1	Addax Petroleum Development Nigeria Limited	39	Nigeria Agip Oil Co Ltd
2	Addax Petroleum Exploration Nigeria Limited	40	Nigeria Petroleum Development Company Ltd
3	Agip Energy and Natural Resources (AENR)	41	Oando Hydrocarbon
4	Aiteo Eastern E&P Co Ltd	42	Oriental Energy Resources Ltd
5	Amni International Petroleum Ltd	43	Pan Ocean Oil Corporation
6	Atlas Petroleum Nig Ltd	44	Petrobras Oil & Gas
7	Belema Oil Producing Ltd	45	Pillar Oil Limited
8	Brasoil Oil Services Company Nigeria Limited	46	Platform Petroleum Limited
9	Brittania U-Nigeria	47	Seplat Petroleum Development Company
10	Chevron Nigeria Ltd	48	Sterling Oil E&P Production Co Ltd
11	China National Oil Development Co.	49	Sterling Global Oil Resources Limited
12	Conoil Producing Ltd	50	Sheba Exploration & Production Company Ltd
13	Chorus Energy Limited	51	Shell Nig. Exp & Production Co Ltd
14	Continental Oil and Gas Company (CONOG)	52	Shell Petroleum Development Company
15	Dubri Oil Company Limited	53	Shoreline Natural Resources Ltd
16	Enageed Resources Ltd	54	South Atlantic Pet. Ltd
17	Energia Limited	55	Star Deep Water Petroleum Limited
18	Equinor Nigeria Energy Company Limited	56	Summit Oil International Limited
19	Eroton E&P Company Limited	57	Suntrust Oil Company Nigeria Limited
20	Esso E&P (Offshore East) Nigeria Ltd	58	Texaco Nigeria Outer Shelf Limited
21	Esso E&P Nigeria Ltd	59	Total Exploration & Production Nigeria Ltd
22	Excel Exploration & Production Limited	60	Total Upstream
23	Famfa Oil Limited	61	Universal Energy Limited
24	First Hydrocarbon Nigeria	62	Waltersmith Petroman
25	Frontier Oil Limited	63	Yinka Folawiyo Petroleum
26	Green Energy International Limited	64	Dajo Oil Limited
27	Lekoil Limited	65	Grasso Oil Nigeria
28	Midwestern Oil and Gas	66	Sigmund Oil Field Limited
29	Millennium Oil & Gas Limited	67	Heritage Oil Limited
30	Mobil Producing Nigeria Unlimited	68	Sterling Exploration Ltd
31	Moni Pulo Ltd	69	Transcorp Energy Limited
32	Nd Western Limited	70	Zebra Energy Ltd
33	Neconde Energy Limited	71	Allied Energy
34	Network Exploration & Production Ltd	72	Elcrest E & P Nigeria Limited
35	Newcross E&P Limited	73	Xenoil Energy Resources Limited
36	Nexen Petroleum Nigeria Limited	74	Amalgamated Oil Co. Nigeria Ltd
37	Niger Delta Petroleum Resources Ltd	75	Crownwell Petroleum Development Co. Ltd
38	Nigeria Agip Exploration (NAE)		

S/N	Company
76	Emerald Energy Resources Ltd
77	Noreast Petroleum Nigeria Ltd
78	Ocean Oil
79	Peak Oil
80	Sunlink Petroleum Ltd
81	Esso Exploration
82	Mabon Ltd

S/N	Company
83	Bicta Energy & Management Systems Ltd
84	Mx Oil Plc
85	New Age Nigeria Ltd
86	ND E&P PLC
87	Savannah Petroleum PLC
88	PGS Geophysical Nig. Ltd
89	Nigeria LNG Limited

**Table 2: Companies that did not make payments in 2019**

S/N	Companies yet to commence production	License No.
	With no payment	
1	Grasso Oil Nigeria	OPL 2012
2	Sigmund Oil Field Limited	OPL 2012
3	Heritage Oil Limited	OPL 247
4	Transcorp Energy Limited	OPL 281
5	Zebra Energy Ltd	OPL 248

S/N	Companies not in production in 2019	Remarks
1	Nexen Petroleum Nigeria Limited (Subsidiary of CNOOC)	In a cluster with Esso E&P (OE)
2	Sheba Exploration & Production Company Limited	In a cluster with Express

### 1.7.3. Government Entities

A total of nine (9) government entities consisting of ministries, departments and agencies that directly collect revenue and participate in the industry are covered in the report. See details in Figure 6. This Figure shows that the ultimate destinations of revenues are the Federation account, Federal & State governments' accounts, and project-specific account.

For proceeds from Federation sales of crude oil and gas, there are deductions for PMS under-recovery, crude and product losses and pipeline repairs. Other deductions are statutory payments (taxes, NESS fees and royalties), JV Cash-call and government priority projects (gas infrastructure development, LNG projects, and frontier services). While the net amounts are remitted to the Federation Account, DPR has been retaining 4% of its total collection. This amount is paid to DPR after full remittance to the Federation Account.

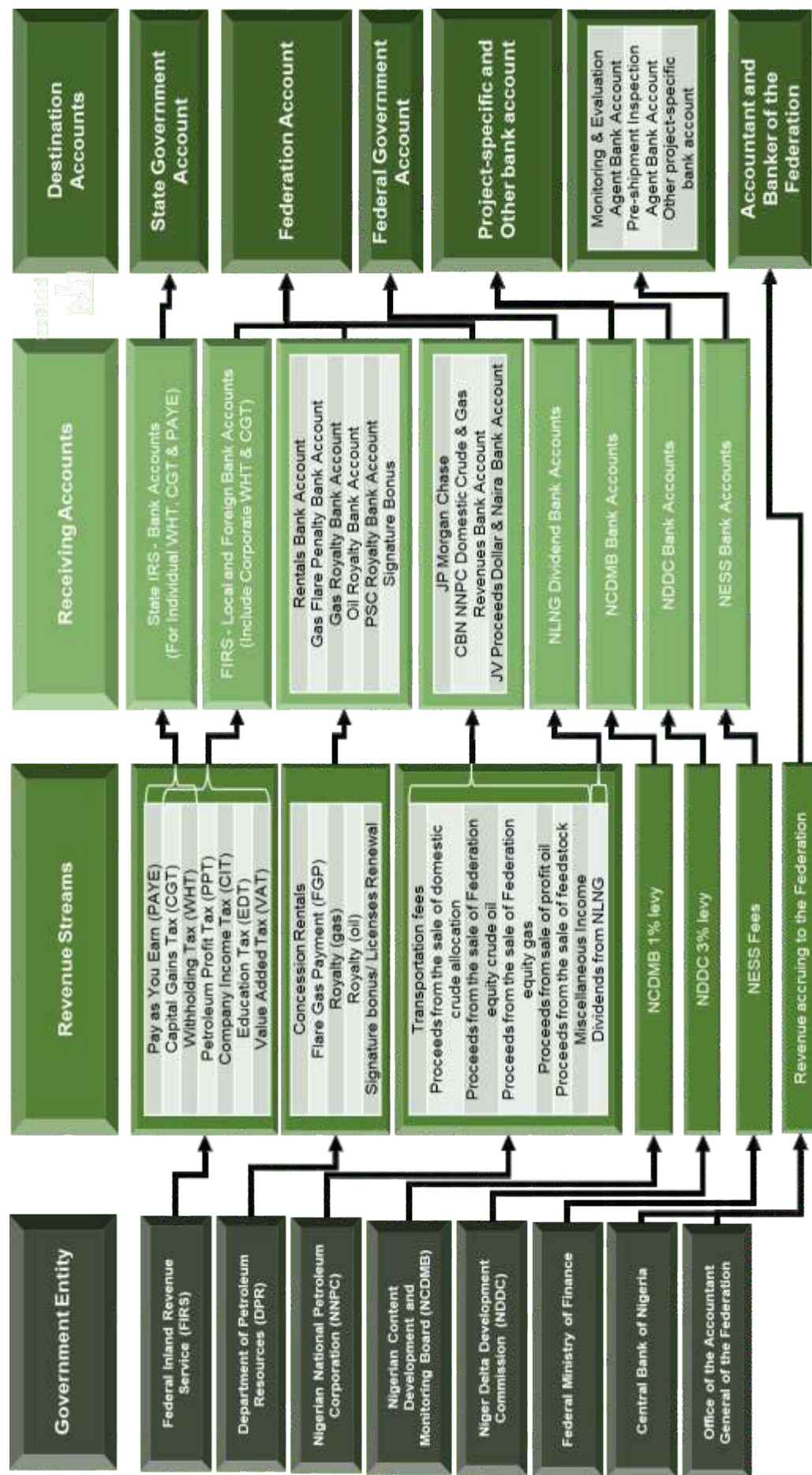


Figure 6: Government Entities, Revenue Streams, Receiving and Destination Accounts

#### 1.7.4. Limitation to the Reconciliation

The IA observed that the requirement for all companies, including government-owned enterprise in Nigeria to submit Audited Financial Statement (AFS) to the Corporate Affairs Commission (CAC) and Auditor General for The Federation in six months after the preceding year is not strictly adhered to by all covered entities. This has the potential of creating an assurance uniformity gap for the data used in the exercise.

Despite this limitation, the additional step taken by the IA using the management accounts and other elements of the CEs accounts covered the gap caused by the limitation. The IA recommends increased enforcement and compliance with the AFS submission requirement to the CAC because of the significant impact it has on the timeliness, relevance and assurance components of the audit data and assurance procedure for the oil and gas sector specially and all sectors in general.

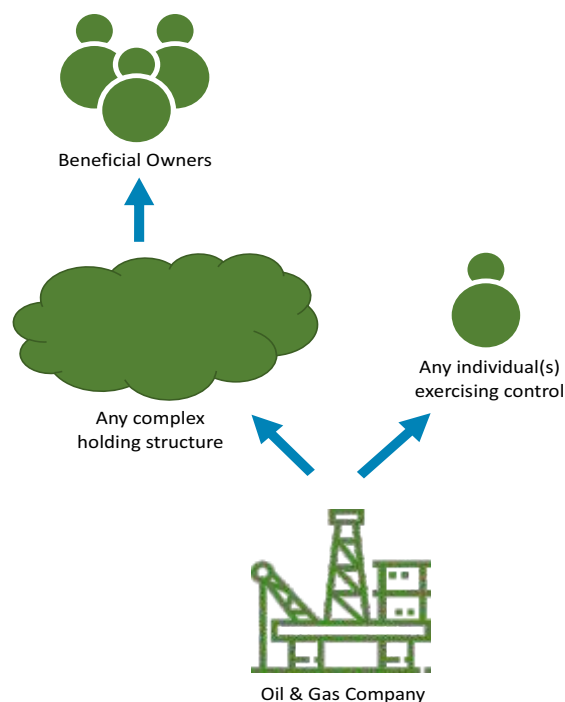
#### 1.7.5. Impact of COVID-19 on the Report

The IA conducted the Audit during the COVID-19 lockdown period when work activities were restricted. Nonetheless, the IA, in consultation with NEITI, implemented an audit strategy that used virtual meetings and remote access to obtain supporting and source documents. The IA is confident that the COVID-19 pandemic has not impacted the quality of data in this report.

### 1.8. Beneficial Ownership

Beneficial ownership (BO) refers to natural persons who directly or indirectly own and derive financial benefits from a company or commercial activity. Transparency in BO prevents the true beneficiaries of extractive industry revenues from hiding behind opaque shell companies or using complex corporate or other legal structures to perpetuate non-disclosure of income, tax evasion and disguising conflicts of interest. Also, BO disclosure allows stakeholders to obtain a clear view of persons investing in the extractive sector, their status in society (e.g., politically exposed persons (PEPs), government employees) and their link (if any) to PEPs.

The EITI Standard 2019 requires the public disclosure of the beneficial owners of companies in the extractive sector.



**FIGURE 7: BENEFICIAL OWNERSHIP**

The EITI Standard Requirement 2.5 mandates all implementing countries to publish information on the beneficial owners of all companies applying for and holding an interest in a license/ lease or permit to explore for or extract oil, gas, and mineral resources.

NEITI has taken steps to make BO information more easily accessible and to mainstream the collection and public disclosure of BO information in line with EITI Requirement 2.5. On December 12, 2019, NEITI launched a BO portal for Exploration & Production (E&P) companies covered by the NEITI annual audits, this is found [here](#)<sup>5</sup>. Furthermore, DPR collaboration with NEITI is at an advanced stage of deploying a comprehensive assets owner register and will be managed by the DPR.

In the year underreview, BO information collated from the data collection exercise is aggregated and presented in Appendix 11. Also, Appendix 12 presents legal and contract terms and Appendix 21 presents the BO report.

### 1.9. Revenue Collected in the Sector

Total revenue received by the government was US\$34.22billion in 2019. This was 4.88% higher than the \$32.63billion collected in 2018. Table 3 shows the total revenue collected in the sector in 2018 and 2019.

**TABLE 3: REVENUE COLLECTION IN THE SECTOR**

Description	2019	2018	Change	
	US\$' billion	US\$' billion	US\$' billion	%
Total Government Revenue from the Sector	34.22	32.63	1.59	4.88

Source: NEITI 2018 Report and NEITI 2019 Audit Templates

Total Federation Account Allocation Committee (FAAC) disbursement in 2019 was US\$ 26.589 billion (N8.147 trillion). From this amount, subnational transferto the Federal government was US\$11.020 billion (N3.377trillion), US\$ 9.013 billion (N2.762 trillion) to State governments and US\$5.382billion (N1.649 trillion) to Local governments. While US\$1.173billion (N359.542 billion) accounted for the cost of collection. See [here](#)<sup>6</sup> for detailed analysis.

<sup>5</sup> <https://bo.neiti.gov.ng/>

<sup>6</sup> <https://neiti.gov.ng/index.php/2017-07-27-13-55-55/quarterly-review?download=921:neiti-qr-issue-15-2019-aac-data>



## CHAPTER 2

### 2. Exploration, Production and Export

Oil and gas companies carry out exploration and production (E&P) activities in Nigeria under various production arrangements which are regulated by the DPR. The NNPC, Nigeria's State-Owned Enterprise, lifts and sells government's share of crude oil and gas. Export activities are carried out after lifting at the export terminals. Figure 9 shows the flow of production to lifting and conversion to sales proceeds.

#### 2.1. Exploration

Exploration is the process of searching for hydrocarbon resources beneath the earth's surface using technological processes such as acquiring seismic data and drilling of exploration wells. After commercial discoveries are confirmed, oil and gas companies undertake field development which includes drilling wells and installation of infrastructure for crude oil and gas production. Table 4 is a summary of exploration and field development activities carried out in 2019.

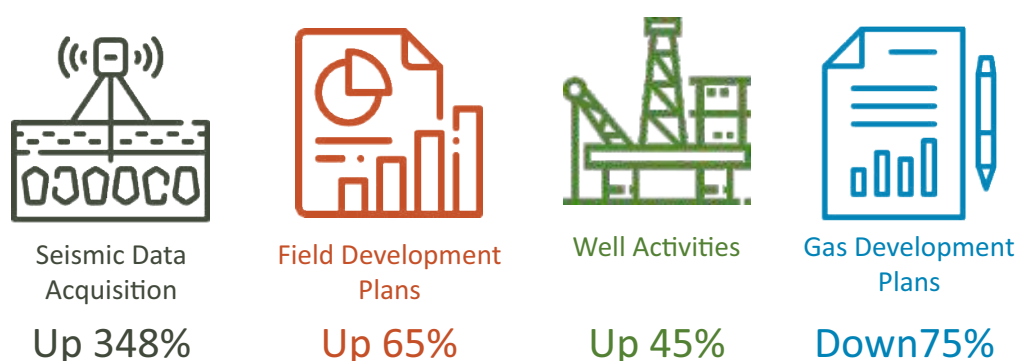


FIGURE 8: EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

TABLE 4: SUMMARY OF EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

S/N	Description	Remarks
1	Seismic data acquisition	4,500.865 Sq.km seismic data was acquired in 2019 compared to 1,004.01 sq. km acquired in 2018.
2	Field Development Plans (FDPs)	Forty-three (43) FDPs were approved in 2019 compared to twenty-six (26) FDPs approved in 2018.
3	Well activities	A total of 126 Wells were drilled in 2019 compared to 87 Wells drilled in 2018. These wells are 1 Exploration Well, 21 Appraisal Wells and 104 Development Wells. Furthermore, completion/workover operations were carried out for 240 Wells.
4	Gas development plans	A total of six (6) plans were approved in 2019 compared to twenty-four (24) in 2018.

Source: DPR 2019 Exploration Profile

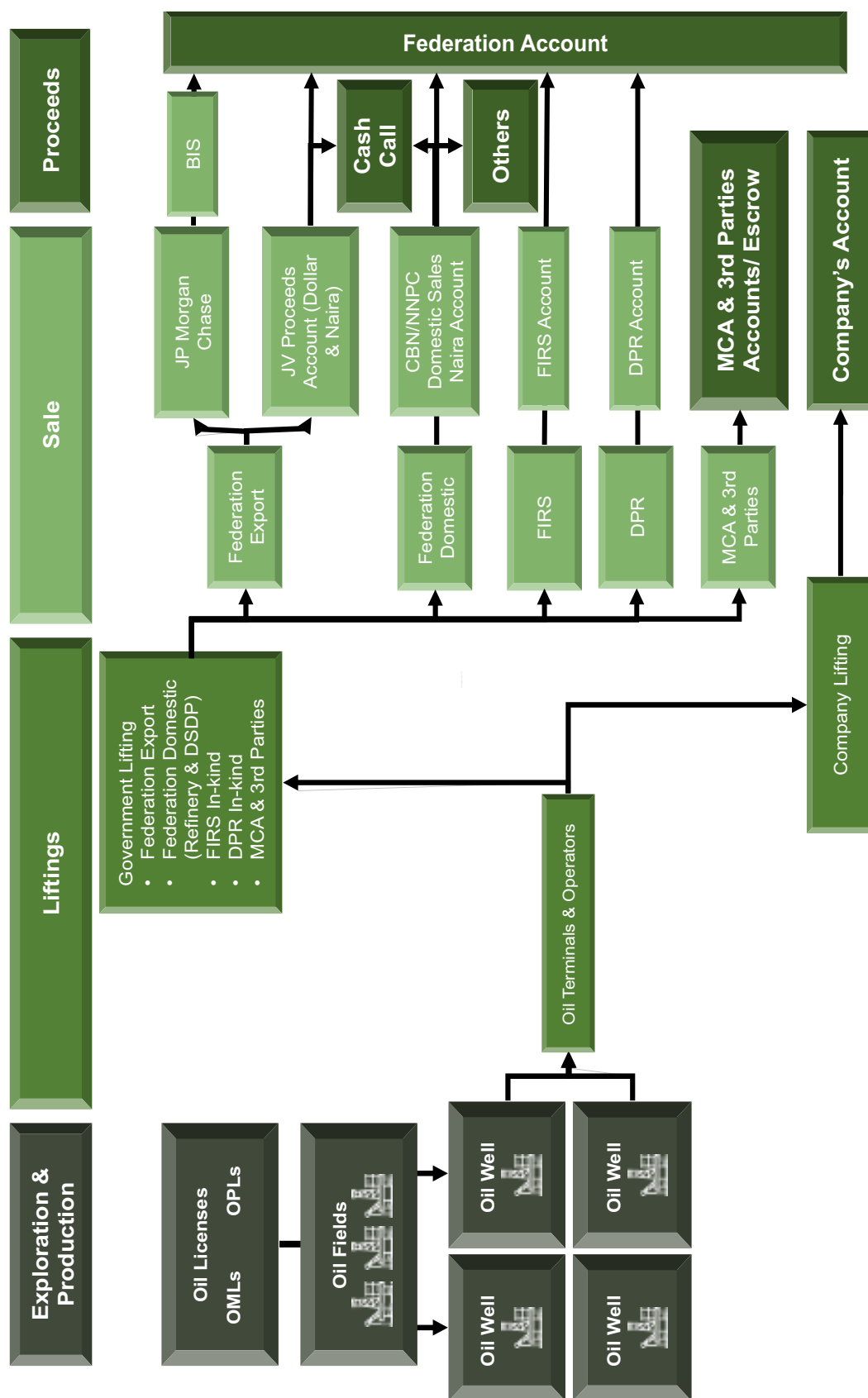


FIGURE 9: FLOW OF E&P, EXPORT LIFTING AND SALES PROCEEDS



Figure 9 shows the process flow for all production arrangements. This also describes the flow of crude oil and gas from the oil wells from the fields to oil terminals by the operators. Crude oil and gas are allocated between the government and the companies at the oil terminals.

The Government lifting comprises federation equity and profit oil which are utilised for export and domestic allocation. This lifting also includes in-kinds (FIRS and DPR) and MCA/3<sup>rd</sup> parties financing projects.

The sales proceeds for Federation export and domestic are deposited into transitional bank accounts (JP Morgan Chase, JV Proceeds Account and CBN Domestic Sales Naira Account). The funds in these bank accounts are transferred to JV Cash-Call, other third parties and the Federation. Furthermore, the sales proceeds from FIRS and DPR in-kinds are deposited into FIRS and DPR designated bank accounts respectively, which are eventually transferred into the Federation account.

The companies lifting are their entitlement from the production arrangement and proceeds are deposited in their accounts. The funds are used for companies' operations and other activities. Thereafter, the companies pay taxes, royalties, and all other fees to the FIRS and DPR--this also ends up in the Federation Account.

DPR awards license to oil and gas companies to conduct exploration activities in specified areas. In 2019, there was no new license awarded, see [here](#)<sup>7</sup> for PSC percentage of holdings, Appendix 20 for details of DPR's license register this includes the percentage of holdings of all production arrangements and Appendix 12 for the schedule of legal and contract terms. Also, see [here](#)<sup>8</sup> for the process for awarding Oil Prospecting License (OPL) and [here](#)<sup>9</sup> for the conversion of OPL to Oil Mining Lease (OML). After awards, exploration licenses can be transferred, reassigned, revoked or re-allocated.

Tables 5, 6 and 7 show the changes in asset ownership that occurred in 2019. The reasons for these changes vary but included internal re-organisation by asset owners leading to the internal transfer of oil assets. Other reasons were the inability to pay the outstanding debt owed to the government and non-development of oil assets leading to the revocation of license.

**TABLE 5: CHANGES IN OWNERSHIP OF MARGINAL FIELDS IN 2019**

S/N	Acquiring Entity	Field	Block	Target Entity	Date of Approval	Amount to Federation		Remarks
						Payable (US\$)	Paid (US\$)	
1	Savannah Petroleum	Stubb Creek	OML 13/14	7 Energy transferred 62.5% shares of (51% equity in Stubb Creek	29 July 2019	3.682 million	3.682 million	It was approved by the President.

<sup>7</sup> <https://neiti.gov.ng/index.php/classes-of-records/category/173-eog-references?download=777:pscs-with-equity-holdings%3e>

<sup>8</sup> <https://www.neiti.gov.ng/phocadownload/PROCESS%20FOR%20AWARDING%20OPLs%203.pdf>

<sup>9</sup> [https://neiti.gov.ng/images/PROCESS\\_OF\\_CONVERSION\\_OF\\_OPL\\_TO\\_OML.pdf](https://neiti.gov.ng/images/PROCESS_OF_CONVERSION_OF_OPL_TO_OML.pdf)

S/N	Acquiring Entity	Field	Block	Target Entity	Date of Approval	Amount to Federation		Remarks
						Payable (US\$)	Paid (US\$)	
	PLC			Universal Energy Resources) to Savannah Petroleum. ñ 49% of equity is held by Sinopec International Petroleum Exploration and production company Nig. Ltd (SIPEC)				The payment was made on 14 November 2019
2	Savannah Petroleum PLC	Uquo	OML 13/14	ñ 7 Energy transferred 100% of its share representing 40% equity in Uquo marginal field to Savannah Petroleum PLC. ñ Frontier Oil holds the remaining equity.	29 July 2019	10.586 million	10.586 million	It was approved by the President. The payment was made on 14 November 2019
3	Wester Ord Oil & Gas Limited	Ubima	OML 17	Assignment of 40% equity to Wester Ord in Ubima marginal field (OML 17)	2017	700 thousand	700 thousand	It was approved by the President. The payment was made on 17 May 2019

Source: NEITI 2019 Audit Checklist and DPR 2019 Assets Profile

**TABLE 6: CHANGES IN OWNERSHIP OF OIL MINING LEASES (OMLS) IN 2019**

S/N	Acquiring Entity	Concession Held	Equity Distribution	Target Entity	Date of Approval	Payable (US\$)	Amount to Federation Paid (US\$)	Remarks
1	Emerald Energy, Amni and Bluewater Group	OML 141	Emerald- 53.9%; Amni International-44.1%, Supernova Energy (Bluewater Group)-2%	Reassignment of 38.67% interest from OP OML 141 Limited to Emerald Energy, Amni and Bluewater Group	May 2019	Nil	Nil	It was approved by the President/Minister of Petroleum Resources on 10 May 2019.
2	Sahara Fields and Bilton Energy	OML 18	NNPC-55% Eroton- 27%, Sahara Fields- 16.2% and Bilton - 1.8%	Eroton E & P assignment of 16.2% and 1.8% to Sahara Fields and Bilton Energy	2019	6.901 million	6.901 million	It was approved by the President/Minister of Petroleum Resources. The payment was made on 21 January 2019.
3	CAPE Energy Limited, FHN Management SPV Limited, Vertex Energy, and Earl Act Global Associated Co. Limited	OML 26	First Hydrocarbon-45% and Nigerian Petroleum Development Company (NPDC)-55%	FHN transferred 100% interest to acquiring entities in a bid to restructure. These are CAPE Energy Limited, FHN Management SPV Limited, Vertex Energy, and Earl Act Global Associated Co. Limited	19 June 2019	1.999 million	1.999 million	It was approved by the President/Minister of Petroleum Resources.
4	NPDC	OML 98	NPDC - 100%	Allocation of OML 98 formerly operated by Panocean/ NNPC Joint Venture (JV) to NPDC	1 August 2019	99,836 million	Nil	It was approved by the President/Minister of Petroleum Resources. Good and Valuable Consideration (GVC) payment are in tranches and due on 31 January 2020, 31 July 2020, and 31 January 2021 respectively.
		OML 11	NPDC - 100%	Allocation of OML 11 formerly operated by SPDC/ NNPC JV to NPDC	29 July 2019	456.03 million	100 million	It was approved by the President/Minister of Petroleum Resources. GVC payment schedules are -- fourth quarter 2020, Second quarter 2021, and final payment due in fourth quarter 2021.

S/N	Acquiring Entity	Concession Held	Equity Distribution	Target Entity	Date of Approval	Payable (US\$)	Amount to Federation Paid (US\$)	Remarks
5	Oriental OML 115 Limited. Oriental Okwok Limited	OML 115	Oriental- 100%	Transferred 100% interest to Oriental OML 115 Ltd from Oriental Energy Resources Ltd. Also transferred 100% participating interest in Okwok MF from Oriental Energy Resources Ltd to Oriental Okwok Ltd	April 2019	N/A	N/A	It was approved by the President/Minister of Petroleum Resources. It was an internal transfer/ reorganisation for Oriental Energy Resources Limited and no payment was due on the transaction.
6	Seplat West Limited	OML 4 OML 38	Seplat-45% and NPDC- 55%	Transferred 45% interest in OML 4, 38, and 41 by Seplat Production & Development to Seplat West Limited	- -	N/A	N/A	It was approved by the President/Minister of Petroleum Resources. It was an internal transfer/ reorganisation for Seplat and no payment was due on the transaction.
7	New Age Exploration Nigeria Limited	OML 113	Yinka Petroleum- 69%, Vitol-12.831%, EER-9%, Pan Petroleum- 6.502% and MX-2.667%	Vitol transferred 12.83% participating interest in OML 113 to New Age Exploration Nigeria Limited	-	4 million	4 million	It was approved by the President/ Minister of Petroleum Resources. The payment was made on 24 October & 20 November 2019.
8	Government	OML 120 OML 110 OML 108 OML 98	Allied-97.5% & CAMAC- 2.5% (Erin Energy- 100%) Cavendish - 100% Express- 57.5%, Shebbah- 40% and CAMAC- 2.5% NNPC -60% and Pan Ocean-40%	Allied Energy Resources Nigeria Limited asset was revoked and returned to the basket Cavendish Petroleum Nigeria Limited asset was revoked and returned to the basket Express Petroleum & Gas Co. Limited asset was revoked and returned to the basket. Pan Ocean Corporation asset was revoked and returned to the basket.	- - - -	- - - -	- - - -	- - - -

Source: NETI 2019 Audit Checklist and DPR 2019 Assets Profile

**TABLE 7: CHANGES IN OWNERSHIP OF OIL PROSPECTING LICENSES (OPLs) IN 2019**

S/N	Acquiring Entity	Concession Held	Target Entity
1	Government	OPL 206	Summit Oil International Limited asset was revoked and returned to the basket due to failure to pay up outstanding debts.

Source: NEITI 2019 Audit Checklist and DPR 2019 Assets Profile

## 2.2. Production arrangements

Crude oil and gas production in Nigeria is governed by various contractual arrangements. These arrangements are Joint Venture (JV), Production Sharing Contract (PSC), Sole Risk (SR), Service Contract (SC), and Marginal Field (MF). See [here<sup>10</sup>](#) for the explanation of each production arrangement.

The JV further has other forms of arrangement which are the Modified Carried Agreement (MCA) and the Incremental Production (IP) arrangements. The IP arrangement was structured under the Repayment Agreement for offsetting Cash-Call legacy liabilities.

### 2.2.1. Crude Oil Production

In 2019, Nigeria's total fiscalised crude oil production was 735.244mmbbls. This was 4.87% higher than the 701.101mmbbls reported in 2018. Of the 735.244mmbbls produced in 2019, 109.941mmbbls (15%) was condensate injected into the crude oil. Table 8 compares the summary of fiscalised crude oil production in 2018 and 2019 per production arrangement.

**TABLE 8: TOTAL FISCALISED CRUDE OIL PRODUCTION**

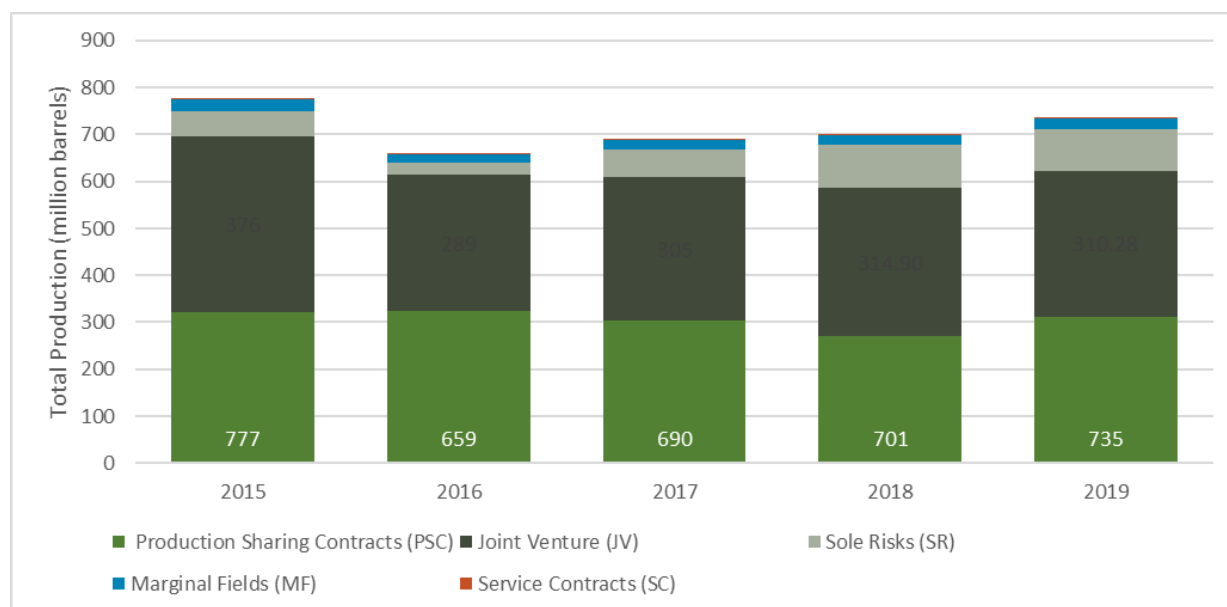
Descriptions	2019	2018	Change
	mmbbls	mmbbls	%
Joint Venture (JV)*	310,284.88	314,895.42	-1.46%
Production Sharing Contract (PSC)	312,041.61	270,610.38	15.31%
Service Contract (SC)	1,330.61	1,337.89	-0.54%
Sole Risk (SR)	89,824.41	92,207.26	-2.58%
Marginal Field (MF)	21,762.64	22,050.46	-1.31%
Total Production	735,244.15	701,101.41	4.87%

Source: NEITI 2019 Audit Templates  
NEITI 2018 Report  
NNPC 2019 Annual Production and Lifting Report

\*Note: The production of 310.285mmbbls in 2019 under JV arrangement includes the MCA, see Table 9 for the disaggregated monthly production.

<sup>10</sup> <https://neiti.gov.ng/phocadownload/Glossary%20of%20Terms.pdf>

Figure 10 shows that, for the five years under review, the highest crude oil production (776.668mmbbls) was recorded in 2015 with a sharp decline to 659.137mmbbls in 2016. Subsequent years witnessed an increase in production.



**FIGURE 10: A FIVE-YEAR TREND OF CRUDE OIL PRODUCTION IN NIGERIA (2015 - 2019)**

Table 9 provides the monthly summary of crude oil production by arrangement and percentage contribution.

**TABLE 9: 2019 TOTAL MONTHLY CRUDE OIL PRODUCTION BY PRODUCTION ARRANGEMENT**

Month	Total Production	Average Production Per Day	JV	Alternative Financing (MCA)	PSC	SC	SR	MF
	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls
January	59,225.48	1,910.50	18,622.33	7,287.68	22,755.15	120.956	8,393.47	2,045.89
February	55,431.80	1,979.71	17,609.21	7,224.19	22,844.41	109.314	6,045.08	1,599.61
March	62,665.02	2,021.45	19,064.37	7,724.09	26,908.30	104.722	7,008.21	1,855.33
April	60,025.58	2,000.85	18,863.31	5,388.21	26,463.74	115.842	7,502.19	1,692.29
May	59,848.91	1,930.61	18,706.12	5,296.67	27,086.15	102.837	6,947.87	1,709.27
June	63,526.38	2,117.55	20,189.90	6,360.67	26,827.94	110.154	8,167.25	1,870.47
July	65,583.77	2,115.61	20,805.49	6,737.24	27,902.39	117.472	8,082.71	1,938.47
August	64,611.98	2,084.26	20,641.21	6,292.48	27,254.86	122.65	8,324.24	1,976.54
September	61,898.61	2,063.29	17,752.31	5,980.13	27,310.76	116.843	8,743.77	1,994.79
October	63,374.34	2,044.33	21,266.85	6,761.51	26,411.26	108.266	7,096.80	1,729.65
November	58,249.49	1,941.65	18,402.07	6,387.10	24,868.72	101.726	6,868.17	1,621.70
December	60,802.78	1,961.38	20,501.44	6,420.30	25,407.93	99.825	6,644.65	1,728.65
Total	735,244.15		232,424.60	77,860.27	312,041.61	1,330.61	89,824.41	21,762.65
Percentage of Contribution			31.61%	10.59%	42.44%	0.18%	12.22%	2.96%

Source: NEITI 2019 Audit Templates  
NNPC 2019 Annual Production and Lifting Report  
DPR 2019 signed-off Report

Table 9 shows that the largest share of Nigeria's crude oil production came from PSC production arrangements; this accounted for 312.042mmbbls (42.44%). This was followed by JV - 232.424mmbbls (31.61%) and SR - 89.824mmbbls (12.22%). Others were 77.860mmbbls (10.59%) from MCA, 21.763mmbbls (2.96%) from MF and 1.331mmbbls (0.18%) from SC. In addition, July recorded the highest crude oil production of 65.584mmbbls while February recorded the lowest of 55.432mmbbls. The average production per day was 2,014.37mmbbls in 2019. Table 10 shows the detailed summary of fiscalised crude oil production by streams. Also, the percentage of contribution and year-on-year change is provided.

**TABLE 10: FISCALISED CRUDE OIL PRODUCTION BY TERMINAL, STREAM AND PERCENTAGE OF CONTRIBUTION**

2019 Ranking	Terminal	Terminal Operator	Streams (Crude Type)	2019		2018		Year-on-year Change
				Annual Total	Contribution	Annual Total	Contribution	
				mmbbls	%	mmbbls	%	
				a		b		
								c = (a-b)/b x 100
1	QIT	Mobil	Qua Ibo Light	81,629.27	11.10%	83,470.04	11.91%	-2.21%
2	Bonny	SPDC	Bonny Light	81,626.43	11.10%	74,192.00	10.58%	10.02%
3	Forcados	SPDC	Forcados Blend	78,827.26	10.72%	82,753.71	11.80%	-4.74%
4	Agbami	Star Deep	Agbami	64,821.61	8.82%	77,732.88	11.09%	-16.61%
5	Egina	TUPNI	Egina	61,015.38	8.30%	26.4	0.00%	231018.86%
6	Bonga	SNEPCO	Bonga	59,910.20	8.15%	57,584.01	8.21%	4.04%
7	Escravos	Chevron	Escravos Blend	58,646.38	7.98%	60,919.91	8.69%	-3.73%
8	Akpo	TUPNI	Akpo	35,818.31	4.87%	37,684.93	5.38%	-4.95%
9	Erha	Mobil	Erha	35,397.57	4.81%	41,840.71	5.97%	-15.40%
10	Odudu	TEPNG	Amenam Blend	33,346.47	4.54%	43,209.93	6.16%	-22.83%
11	Brass	NAOC	Brass Blend	31,861.72	4.33%	30,719.96	4.38%	3.72%
12	Usan	Mobil	Usan	22,812.80	3.10%	27,712.27	3.95%	-17.68%
13	Tulja	SEEPSCO / SGORL	Okwibome	13,421.43	1.83%	12,796.00	1.83%	4.89%
14	Yoho	Mobil	Yoho	12,654.82	1.72%	12,559.57	1.79%	0.76%
15	Ugo	Neconde	Ugo Ocha	11,573.72	1.57%	5,544.27	0.79%	108.75%
16	Antan	Addax	Antan Blend	7,324.19	1.00%	6,563.63	0.94%	11.59%
17	Abo	NAE	Abo	7,056.92	0.96%	4,107.59	0.59%	71.80%
18	Pennington	Chevron	Pennington Light	6,963.59	0.95%	8,458.51	1.21%	-17.67%
19	Okoro	Amni	Okoro	6,210.07	0.84%	5,074.60	0.72%	22.38%
20	EA (Sea Eagle)	SPDC	EA	6,198.09	0.84%	9,236.03	1.32%	-32.89%
21	Ebok	Oriental Energy	Ebok	6,013.32	0.82%	6,246.24	0.89%	-3.73%
22	Okono	NPDC	Okono	5,934.91	0.81%	5,972.79	0.85%	-0.63%
23	Okwori	Addax	Okwori Blend	2,417.28	0.33%	2,939.58	0.42%	-17.77%
24	Otakikpo	Green Energy	Otakikpo	1,899.17	0.26%	1,895.08	0.27%	0.22%
25	Aje	Yinka Fawale	Aje	880.89	0.12%	1,057.19	0.15%	-16.68%
26	Ukpokiti	Express/ Sheba	Ukpokiti	502.43	0.07%	90.45	0.01%	455.48%
27	Ajapa	Brittania- U	Ajapa	287.59	0.04%	0.00	0.00%	100.00%
28	Ima	Amni	Ima	181.92	0.02%	253.9	0.04%	-28.35%
29	Ubima	All Grace	Ubima Blend	10.43	0.00%	-	0.00%	100.00%
30	Aja	Bayelsa Oil	Aja Blend	-	0.00%	87.41	0.01%	-100.00%
31	Asaramatoru	Prime	Asaramatoru	-	0.00%	84.81	0.01%	-100.00%
32	Oyo	Allied/ CAMAC	Oyo Blend	-	0.00%	287.01	0.04%	-100.00%
	TOTAL			735,244.15	100.00%	701,101.41	100.00%	4.87%

Source: NEITI 2019 Audit Templates  
NEITI 2018 Report  
NNPC 2019 Annual Production and Lifting Report  
DPR 2019 signed-off Report

The fiscalised production quantities apply after considering terminal adjustments and net of crude oil losses. Of the 735.244mmbbls of crude oil produced in 2019, Bonny Terminal (operated by SPDC) contributed 81.626mmbbls (11.10%) and Qua Ibo Terminal (operated by Mobil) contributed 81.629mmbbls (11.10%). These two terminals contributed the highest quantities. The top ten (10) terminals contributed 591.039mmbbls (80%) while the remaining twenty-two (22) contributed 144.205mmbbls (20%).

The 4.87% aggregate increase in the 2019 annual production as shown in table 8 can be attributed to Egina's production of 61.015 mmbbls (26.4mmbbls in 2018). Also, crude oil production of 287.59mmbbls (nil in 2018) from Ajapa (Brittania-U) and 10.43mmbbls (nil in 2018) from Ubima (All Grace) were recorded at the terminals. Crude oil productions from these terminals were generated from oil -well test activities in 2019. Some oil terminals had no production while others had decline due to production constraints of the companies. One of the terminals with no production inflow was Aja (Bayelsa Oil) with 87.41mmbbls in 2018. Others in this category for 2018 were Asaramatoru (Prime)-84.81mmbbls, and Oyo (Allied/ CAMAC)- 287.01mmbbls. Bayelsa Oil could not produce due to license revocation by the government while Prime and Allied/CAMAC could not pump crude oil into their terminals due to inactivity in 2019.

The terminals that recorded a decline in production were Agbami (operated by Star Deep) - 16.61% decline from 77.733mmbbls in 2018 to 64.821mmbbls in 2019, and Odudu (operated by TEPNG) - 22.83% decline from 43.210mmbbls in 2018 to 33.346mmbbls in 2019. The decline in Agbami was due to the ageing well while that for Odudu was due to the force majeure declared by TEPNG in April that lasted for about 25 days. The circumstances of ageing wells and force majeure due to pipeline breaks/leaks were the prominent reasons for declines recorded by terminals in 2019. See Appendix 6 for details of production per company and per project.

#### 2.2.1.1. Federation Entitlement to Crude Oil Production

The Federation is entitled to crude oil from its JV and AF arrangement and its SC with AENR. The Federation entitlement was 180.865mmbbls from JV and AF production arrangements in 2019 while the entitlement from SC was 1.331mmbbls. Table 11 indicates the Federation's entitlement from JV and AF production arrangements including companies' share.

**TABLE 11: FEDERATION ENTITLEMENT FROM JV AND AF PRODUCTION ARRANGEMENT**

S/N	JV	Total Production (mmbbls)		NNPC Equity (%)	NNPC Share (mmbbls)		Company Equity (%)	Company Share (mmbbls)	
		2019	2018		2019	2018		2019	2018
1	SPDC	78,253.68	62,070.18	55	43,039.53	34,138.60	45	35,214.16	27,931.58
2	AITEO	11,092.17	15,135.16	55	6,100.69	8,324.34	45	4,991.48	6,810.82
3	EROTON	10,667.86	10,948.12	55	5,867.32	6,021.47	45	4,800.53	4,926.65
4	NEWCROSS E&P	6,105.13	6,193.13	55	3,357.82	3,406.22	45	2,747.31	2,786.91



S/N	JV	Total Production (mbbls)		NNPC Equity (%)	NNPC Share (mbbls)		Company Equity (%)	Company Share (mbbls)	
		2019	2018		2019	2018		2019	2018
5	CHEVRON (CNL)	60,441.53	62,813.82	60	36,264.92	37,688.29	40	24,176.61	25,125.53
6	NAOC	5,949.76	6,478.62	60	3,569.86	3,887.17	40	2,379.91	2,591.45
7	MPNU	92,704.88	97,092.49	60	55,622.93	58,255.50	40	37,081.95	38,837.00
8	TEPNG	41,111.35	49,987.90	60	24,666.81	29,992.74	40	16,444.54	19,995.16
9	BELEMA OIL	2,094.98	2,779.14	60	1,256.99	1,667.48	40	837.99	1,111.66
10	SEPLAT	1,393.81	831.433	60	836.29	498.86	40	557.52	332.57
11	POOC	469.728	565.422	60	281.84	339.25	40	187.89	226.17
	Grand Total	310,284.88	314,895.42		180,865.00	184,219.92		129,419.89	130,675.50

Source: NEITI 2019 Audit Templates  
NEITI 2018 Report  
NNPC 2019 Annual Production and Lifting Report

### 2.2.1.2. Crude Oil Losses and Deferment

Crude oil losses are the result of either sabotage or theft while deferments are the inability to produce at specific times due to either scheduled repairs and maintenance or unscheduled circumstances such as pipeline breaks/leaks. Some of these occurrences led to companies declaring periods of *force majeure*.

*Force majeure* is a standard contractual procedure which is invoked in the occurrence of events such as natural disasters, wars, and other occurrences outside the control of the oil company. These events hamper the implementation of such contracts.

#### Highlights of some of the *force majeure* declarations due to pipeline breaks and fires

Oil companies operating in the Niger Delta faced challenges to maintain production and exports due to safety and security incidents impacting vital infrastructure. For example, in April 2019, three (3) major oil companies - SPDC, TOTAL and AITEO, operating in the Niger Delta declared *force majeure*.

- AITEO -- Nembe Creek Trunk Line (NCTL) fire outbreak: The Nembe Creek Trunk Line, which is a 97-kilometre pipeline, transports about 150,000 barrels per day (bpd). The trunk line is one of the country's major crude oil transportation arteries evacuating crude from the Niger Delta to the export terminal in Bonny near the Atlantic Coast. The fire incident was caused by third-party tampering with the pipeline in April 2019 leading to the imposition of *force majeure*. The situation was managed through the entity's operations emergency response team. The team deployed an urgent intervention and containment action by shutting crude oil injections to avoid losses.
- Shell -- Bonny Terminal shut-down due to NCTL fire outbreak: Bonny Terminal was shut-down due to supply shortfall caused by the *force majeure* declaration on NCTL. The *force majeure* period lasted for 28 days with all companies injecting into the Nembe Trunk Line shutting down production for the

period. The *force majeure* incident in April disrupted planned Bonny Light exports which were estimated at 184,000 bpd in May and 222,000 bpd in June.

- c) TOTAL-- shut-down of Amenam oil well: The *force majeure* declaration was due to shut-down of the oil well. This shut-down reduced Amenam's production by about 100,000 bpd thereby forcing TOTAL to declare *force majeure* for about 25 days.

The *force majeure* declarations reduced Nigeria's crude oil exports as production was reduced. The Federal Government did not receive portions of expected lifting from these JV companies for the periods the terminals were not in operation.

Crude oil losses due to theft and sabotage totalled 42.248mmmbbls valued at US\$2.772billion (applying an average price of US\$65.61). This was 11.034mmmbbls (21%) lower than that recorded in 2018 (53.281mmmbbls). Table 12 shows crude oil losses due to theft and sabotage for the year by some companies and compares the losses to the fiscalised production of the same companies. Not all companies record losses. Typically, such losses are recorded by companies whose crude volumes are carried through pipelines that are easily compromised by saboteurs. The table excludes fiscalised production of companies that did not record losses.

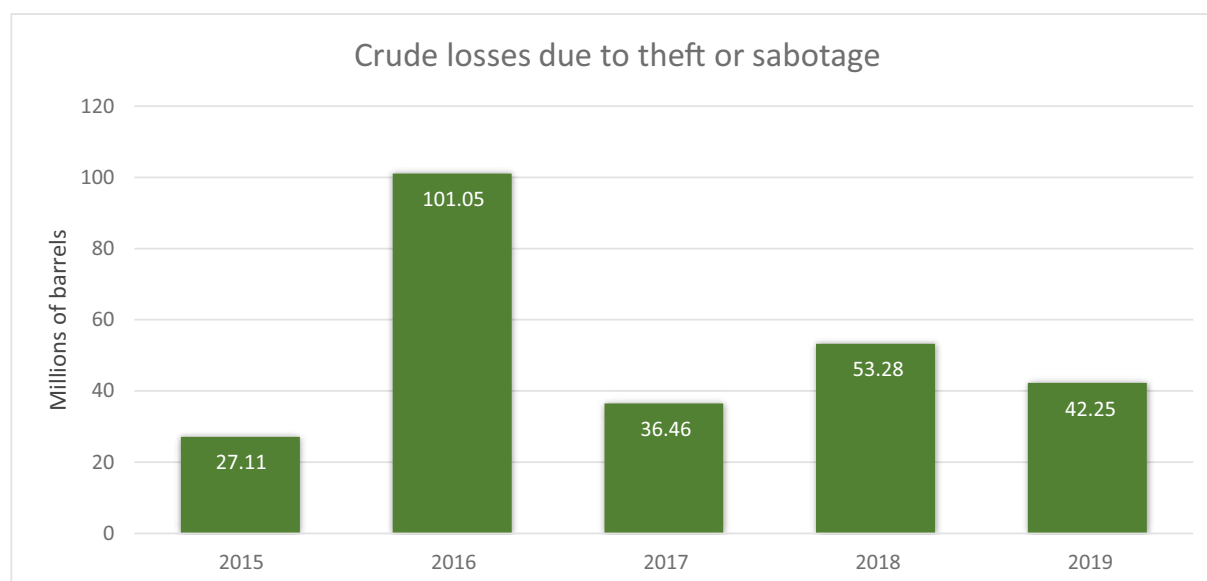
**TABLE 12: CRUDE OIL LOSSES DUE TO THEFT AND SABOTAGE**

S/N	Company	Fiscalised Production	Crude Losses					
			Metering Error	% Metering Error to fiscalised production	Theft/ Sabotage	% Theft/ sabotage to fiscalised production	Total Crude Loss	% of Total crude loss to fiscalised production
		mbbls	mbbls		mbbls		mbbls	
1	AENR	1,330.61	-	0.00%	96.39	7.24%	96.39	7.24%
2	AITEO	11,092.17	-	0.00%	2,398.90	21.63%	2,398.90	21.63%
3	ADDAX	8,963.25	-	0.00%	134.48	1.50%	134.48	1.50%
4	ADDAX CLUSTER	1,832.98	-	0.00%	177.01	9.66%	177.01	9.66%
5	BELEMA OIL	2,094.98	-	0.00%	461.93	22.05%	461.93	22.05%
6	CHORUS ENERGY (BRASS)	23.46	-	0.00%	1.91	8.14%	1.91	8.14%
7	ELCREST	3,040.72	120.85	3.97%	362.83	11.93%	483.68	15.91%
8	ENERGIA CLUSYTER (BRASS)	328.85	-	0.00%	24.40	7.42%	24.40	7.42%
9	EROTON	10,667.86	-	0.00%	2,957.42	27.72%	2,957.42	27.72%
10	EXCEL	156.98	8.00	5.10%	4.72	3.01%	12.72	8.10%
11	FHN	1,043.31	92.67	8.88%	415.32	39.81%	507.99	48.69%
12	MIDWESTERN CLUSTER (BRASS)	1,211.89	-	0.00%	94.62	7.81%	94.62	7.81%
	MIDWESTERN CLUSTER (FORCADOS)	3,207.92	10.25	0.32%	1,063.87	33.16%	1,074.12	33.48%
13	NAOC	5,949.76	-	0.00%	1,858.13	31.23%	1,858.13	31.23%
14	ND WESTERN	1,458.58	1,951.44	133.79%	354.62	24.31%	2,306.06	158.10%
15	NDPR	2,205.83	-	0.00%	258.72	11.73%	258.72	11.73%
16	NECONDE	5,812.21	724.40	12.46%	54.43	0.94%	778.83	13.40%
17	NPDC (OML111)	53,310.06	825.14	1.55%	534.29	1.00%	1,359.43	2.55%
	NPDC (OML65)							

S/N	Company	Fiscalised Production	Metering Error	% Metering Error to fiscalised production	Crude Losses		Total Crude Loss	% of Total crude loss to fiscalised production
					Theft/ Sabotage	% Theft/ sabotage to fiscalised production		
		mbbls	mbbls		mbbls		mbbls	
18	PAN OCEAN) JV	469.73	9.50	2.02%	218.70	46.56%	228.20	48.58%
	PAN OCEAN (PSC OML147)	556.37	5.78	1.04%	54.63	9.82%	60.41	10.86%
19	PILLAR OIL (BRASS)	266.78	-	0.00%	20.47	7.67%	20.47	7.67%
	PILLAR OIL (FORCADOS)	620.37	-	0.00%	128.78	20.76%	128.78	20.76%
20	PLATFORM CLUSTER(BRASS)	238.94	-	0.00%	159.11	66.59%	159.11	66.59%
	PLATFORM CLUSTER (FORCADOS)	701.94	-	0.00%	354.62	50.52%	354.62	50.52%
21	SEPLAT (JV BONNY/BRASS)	583.79	-	0.00%	42.54	7.29%	42.54	7.29%
	SEPLAT (JV FORCADOS)	810.03	130.55	16.12%	2,695.32	332.74%	2,825.87	37.95%
	SEPLAT (SR - FORCADOS)	6,635.30	-	0.00%	-	0.00%	-	-
22	SHORELINE	4,881.10	5,580.59	114.33%	1,893.55	38.79%	7,474.14	153.12%
23	SPDC(BONNY/BRASS/FORC ADOS)	78,253.68	2,285.04	2.92%	12,355.61	15.79%	14,640.65	18.71%
24	TEPNG	41,111.35	-	0.00%	975.80	2.37%	975.80	2.37%
25	SUMMIT OIL	147.55	-	0.00%	25.66	17.39%	25.66	17.39%
26	WALTERSMITH	1,686.25	-	0.00%	324.69	19.26%	324.69	19.26%
	TOTAL	250,694.60	11,744.21	4.68%	30,503.47	12.17%	42,247.68	16.85%

Source: NEITI 2019 Audit Templates and DPR Signed-off Reports

This implies that total production in the country could have been higher by 42.248 million barrels. The table 12 shows crude oil losses due to metering error, theft and sabotage for the year per relevant company and compares the losses to the fiscalised production of that same company. This shows that not all companies recorded losses. Fiscalised production is net of crude losses/terminal adjustments (if any). If any crude loss is recorded, it means that production could have been fiscalised production and crude losses.



**FIGURE 11: A FIVE-YEAR TREND OF CRUDE OIL LOSSES IN NIGERIA (2015 - 2019)**

Figure 11 shows that 2016 recorded the highest loss with 101.05mmbbls which decreased to 36.46mmbbls in 2017. The losses further fluctuated, rising, and falling in 2018 and 2019, respectively.

Deferred crude oil production in 2019 was 55.206mmbbls. This is 29.70% lower than in 2018 (78.522mmbbls). A total of twelve (12) companies populated the deferred crude template in 2019, of which SPDC recorded the highest quantities of deferred crude production (30.971mmbbls) in 2019.

This represents 56.10% of the total deferred crude production in the year under review. Table 13 presents details of crude oil deferment for 2019.

**TABLE 13: 2019 CRUDE OIL PRODUCTION DEFERMENTS**

Ranking	Company	Deferred Production (mmbbls)	% Contribution
1	SPDC	30,970.90	56.10%
2	SEPLAT	7,030.55	12.74%
3	SNEPCO	3,872.31	7.01%
4	NPDC and NECONDE	3,755.20	6.80%
5	NEWCROSS	3,292.19	5.96%
6	AITEO	2,848.04	5.16%
7	ENERGIA	1,770.87	3.21%
8	APDNL	733.01	1.33%
9	APENL	465.58	0.84%
10	ORIENTAL ENERGY	245.88	0.45%
11	GREEN ENERGY OIL	210.40	0.38%
12	NAE	10.84	0.02%
	<b>TOTAL</b>	<b>55,205.77</b>	<b>100.00%</b>

Source: NEITI 2019 Audit Templates

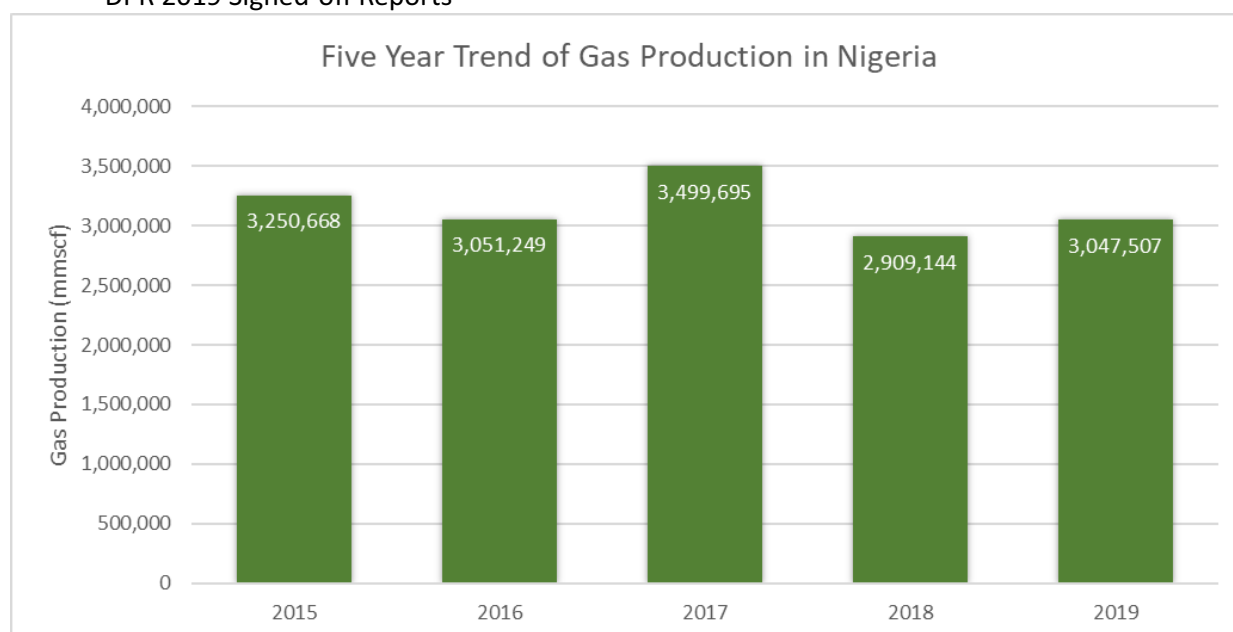
## 2.2.2. Gas Production

Total gas production in 2019 was 3,047,507.32mmscf. This was 4.8% higher than 2018 quantities- (2,909,143.56mmscf). Table 14 shows a summary of gas production per arrangement.

**TABLE 14: TOTAL GAS PRODUCTION PER ARRANGEMENT**

Description	2019	2018	Change
	mmscf	mmscf	%
Joint Venture (JV)	2,133,073.56	2,167,238.84	-1.6%
Production Sharing Contract (PSC)	624,930.74	599,471.67	4.2%
Sole Risk (SR)	211,010.04	78,008.79	170.5%
Marginal Field	76,998.59	62,961.93	22.3%
Service Contract (SC)	1,494.40	1,462.33	2.2%
<b>TOTAL</b>	<b>3,047,507.32</b>	<b>2,909,143.56</b>	<b>4.8%</b>

Source: NEITI 2019 Audit Templates  
NEITI 2018 Report  
DPR 2019 Signed-off Reports



**FIGURE 12: A FIVE-YEAR TREND OF GAS PRODUCTION (2015- 2019)**

Figure 12 shows that 2017 recorded the highest gas production - 3,499,695mmscf for the period 2015-2019, 2018 recorded the lowest volumes within the period.

In 2019, the highest gas production was recorded in March with 274,763.57mmscf while the lowest was in February with 236,663.74mmscf. Table 15 indicates the monthly summary of gas production per arrangement.

**TABLE 15: MONTHLY SUMMARY OF GAS PRODUCTION PER ARRANGEMENT**

Month	JV	PSC	SC	SR	MF	Total
	mmscf	mmscf	mmscf	mmscf	mmscf	mmscf
January	190,699.54	50,653.40	140.78	17,835.67	6,137.81	265,467.20
February	164,445.24	48,435.56	118.23	17,230.47	6,434.24	236,663.74
March	194,649.28	54,685.25	129.78	18,385.72	6,913.54	274,763.57
April	185,226.19	55,082.36	139.03	19,169.42	6,300.01	265,917.01
May	162,746.89	53,843.30	114.85	19,462.19	6,567.80	242,735.03
June	160,246.00	51,588.96	129.41	19,008.19	6,294.76	237,267.32
July	187,532.25	53,809.58	135.95	17,620.98	6,255.08	265,353.84
August	189,211.65	53,290.96	136.31	17,078.44	6,672.56	266,389.92
September	169,168.05	54,226.93	123.80	18,410.58	6,714.99	248,644.35
October	175,250.49	52,088.30	113.56	15,921.02	5,734.96	249,108.33
November	174,240.80	47,004.00	110.45	14,203.01	6,161.51	241,719.77
December	179,657.17	50,222.14	102.25	16,684.35	6,811.33	253,477.24
Total	2,133,073.56	624,930.74	1,494.40	211,010.04	76,998.59	3,047,507.32

Source: NEITI 2019 Audit Templates and DPR 2019 Signed off Reports

The total Federation entitlement from gas production under JV arrangements was 1,242,267.72mmscf, see Table 16.

**TABLE 16: FEDERATION'S ENTITLEMENT TO GAS PRODUCTION FROM JV ARRANGEMENT**

Company	OML	Gas Production (mmscf)	NNPC Share (mmscf)	Company Share (mmscf)
SPDC	11	86,475.05	47,561.28	38,913.77
	17	18,992.97	10,446.13	8,546.84
	20	997.77	548.77	449.00
	21	423.54	232.95	190.59
	22	701.08	385.59	315.49
	23	83,577.67	45,967.72	37,609.95
	25	-	-	-
	27	1,200.42	660.23	540.19
	28	458,225.84	252,024.21	206,201.63
	32	4,920.30	2,706.17	2,214.14
	35	3,116.85	1,714.27	1,402.58
	46	4,755.78	2,615.68	2,140.10
	40	-	-	-
	41	22,242.29	12,233.26	10,009.03
	43	4,976.90	2,737.30	2,239.61
	45	5,321.93	2,927.06	2,394.87

Company	OML	Gas Production (mmscf)	NNPC Share (mmscf)	Company Share (mmscf)
	EA	7,686.84	4,227.76	3,459.08
AITEO	29	12,918.78	7,105.33	5,813.45
EROTON	18	28,395.67	15,617.62	12,778.05
NEWCROSS E&P	24	6,598.54	3,629.20	2,969.34
CHEVRON	49	40,943.33	24,566.00	16,377.33
	91	82,935.56	49,761.34	33,174.22
	95	28,161.52	16,896.91	11,264.61
	90	95,516.97	57,310.18	38,206.79
	49/95	1,981.86	1,189.12	792.74
	49/90	3,702.24	2,221.34	1,480.90
	86	2,715.64	1,629.38	1,086.26
NAOC	60	14,482.17	8,689.30	5,792.87
	61	206,781.61	124,068.97	82,712.64
	62	8,563.62	5,138.17	3,425.45
	63	59,057.93	35,434.76	23,623.17
MPNU	104	77,492.56	46,495.54	30,997.02
	67	97,183.03	58,309.82	38,873.21
	68	6,648.54	3,989.12	2,659.42
	70	177,820.74	106,692.44	71,128.30
	EAP	43,921.97	26,353.18	17,568.79
	QIT	5,207.43	3,124.46	2,082.97
TEPNG	99	129,929.10	77,957.46	51,971.64
	100	4,216.65	2,529.99	1,686.66
	102	33,480.22	20,088.13	13,392.09
	58	134,192.64	80,515.58	53,677.06
BELEMA OIL	55	3,773.46	2,264.08	1,509.38
SEPLAT	4	81,332.46	48,799.48	32,532.98
	38	24,281.30	14,568.78	9,712.52
	41	7,393.83	4,436.30	2,957.53
	53	1,242.92	745.75	497.17
POOC	98	8,586.04	5,151.62	3,434.41
Total		2,133,073.56	1,242,267.72	890,805.83

Source: NEITI 2019 Templates and DPR 2019 Signed off Reports

See Appendix 6 (Production) for disaggregated data on gas per company and project.

### 2.3. Crude Lifting and Sales

Lifting is the process of taking crude oil out of quantities produced based on production entitlement as defined by the contract. Lifting occurs at various crude oil terminals

### 2.3.1. Crude Oil Lifting

The total crude oil lifted was 735.661mmbbls. This was 4.93% higher than liftings in 2018 (701.090mmbbls). Table 17 shows the summary of crude oil lifted by the Companies and the NNPC (export and domestic).

**TABLE 17: 2019 TOTAL CRUDE OIL LIFTING**

Description	2019 mmbbls	2018 mmbbls	Change %
Opening stock	17,126.12	17,115.00	0.06%
Total production for the year	735,244.15	701,101.41	4.87%
<b>Total stock available for lifting (A)</b>	<b>752,370.27</b>	<b>718,216.41</b>	<b>4.76%</b>
<b>NNPC Lifting</b>			
Export Lifting:			
Joint Venture operator	83,077.73	92,362.19	-10.05%
Production Sharing Contract	74,982.16	54,618.00	37.28%
Marginal Field Operators	464.78	300.00	54.93%
Service Contract	886.36	640.00	38.49%
<b>Subtotal - Export - (B)</b>	<b>159,411.02</b>	<b>147,920.19</b>	<b>7.77%</b>
<b>Domestic Lifting (Refinery &amp; DSDP)</b>			
Joint Venture	98,530.30	91,808.66	7.32%
Production Sharing Contract	8,709.13	15,591.09	-44.14%
Marginal Field	-	226.51	-100.00%
<b>Subtotal -Refinery &amp; DSDP - (C )</b>	<b>107,239.44</b>	<b>107,626.26</b>	<b>-0.36%</b>
<b>Total - NNPC Lifting - (D= B + C)</b>	<b>266,650.46</b>	<b>255,546.45</b>	<b>4.35%</b>
<b>Company Lifting</b>			
Joint Venture	122,863.12	128,211.69	-4.17%
Production Sharing Contract	227,977.15	199,127.81	14.49%
Sole Risk	95,814.30	97,529.71	-1.76%
Marginal Field	21,855.82	20,174.63	8.33%
Service Contract	500.00	500.00	0.00%
<b>Total- Company Lifting- (E)</b>	<b>469,010.39</b>	<b>445,543.84</b>	<b>5.27%</b>
<b>Total Crude Oil lifting - (F= D + E)</b>	<b>735,660.85</b>	<b>701,090.29</b>	<b>4.93%</b>
Closing stock - (G = A - F)	16,709.42	17,126.12	-2.43%

Source: NEITI 2018 Report and 2019 NNPC Annual Production and Lifting Report



Figure 13 shows crude oil liftings for the most recent five-year period. Nigeria recorded the highest lifting in 2015 with 780.43mmbbls. There was a sharp decline in 2016 due to a decline in production. Subsequently, there has been a steady increase in crude oil liftings.



**FIGURE 13: A FIVE-YEAR TREND OF CRUDE OIL LIFTINGS IN NIGERIA (2015- 2019)**

Out of the total crude oil lifted- 735.661mmbbls, PSC production arrangements recorded the highest share with 311.668mmbbls (42.37%) followed by JVs and AFs with 304.471mmbbls (41.39%). Others included SR with 95.814mmbbls (13.02%), MF-22.321mmbbls (3.03%) and SG 1.386mmbbls (0.19%). Table 18 provides a monthly summary of crude oil lifting per production arrangement.

**TABLE 18: 2019 TOTAL MONTHLY CRUDE OIL LIFTING BY PRODUCTION ARRANGEMENT**

Month	Joint Venture (JV)						AF (MCA)		Production Sharing Contract (PSC)		Service Contract (SC)		Sole Risk (SR)	Marginal Fields (MF)	
	Total	NNPC	Companies	NNPC	Companies	NNPC	Companies	NNPC	Companies	NNPC	Companies	Companies	NNPC	Companies	
		mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls	mmbbls
January	57,715.39	13,234.72	9,307.48	3,916.91	1,973.92	4,943.90	15,547.54	100.00	-	6,217.07	130.00	2,343.85			
February	56,975.88	9,473.88	8,991.47	2,453.11	1,190.07	7,901.77	16,857.04	-	100.00	7,988.16	90.00	1,930.38			
March	58,665.25	10,742.69	6,319.15	4,409.99	2,539.82	5,943.60	19,428.29	-	-	7,523.40	-	1,758.31			
April	63,543.00	13,733.15	7,413.39	3,222.64	1,544.60	8,887.85	18,275.66	100.00	-	7,917.45	160.00	2,288.25			
May	58,539.24	10,466.50	8,219.09	2,806.55	1,504.85	8,216.19	18,602.05	-	100.00	6,981.64	-	1,642.36			
June	64,403.89	13,077.38	7,902.51	2,897.87	1,573.25	9,374.03	18,943.17	-	-	9,113.82	-	1,521.87			
July	60,974.53	7,728.26	11,266.58	3,557.30	2,445.91	8,135.80	18,628.93	286.37	100.00	6,489.38	84.78	2,251.22			
August	66,578.46	13,782.98	8,598.75	3,730.89	2,319.13	6,664.64	19,633.61	-	-	10,153.65	-	1,694.81			
September	65,439.44	12,565.79	9,717.50	3,473.40	2,131.60	8,457.19	20,175.67	200.00	100.00	6,749.74	-	1,868.55			
October	64,679.43	14,624.00	8,463.47	2,286.90	1,332.60	5,976.14	21,761.91	-	-	8,668.40	-	1,566.01			
November	58,831.71	8,869.51	9,195.19	3,772.41	2,415.37	5,157.44	19,633.97	-	-	8,562.75	-	1,225.07			
December	59,314.63	13,892.64	5,372.20	2,888.53	1,125.20	4,032.74	20,489.31	200.00	100.00	9,448.84	-	1,765.16			
Total	735,660.85	142,191.52	100,766.79	39,416.50	22,096.33	83,691.29	227,977.15	886.37	500.00	95,814.30	464.78	21,855.83			

Source: NEITI 2019 Templates and 2019 NNPC Annual Production and Lifting Report

Bonny Terminal recorded the highest lifting with 81.568mmbbls while Oyo recorded the lowest with 380.691mmbbls. Table 19 provides a summary of crude oil lifting by the stream.

**TABLE 19: 2019 CRUDE LIFTING BY STREAM**

Ranking	Terminal	Terminal Operator	Crude Type	Quantity (bbls)	Lifting (%)
1	BONNY	SPDC	BONNY LIGHT	81,568,427	11.09%
2	QIT	MOBIL/FUN	QUA IBO LIGHT	80,941,470	11.00%
3	FORCADOS	SPDC	FORCADOS BLEND	78,189,733	10.63%
4	AGBAMI	STAR DEEP	AGBAMI	65,043,135	8.84%
5	BONGA	SNEPCO	BONGA	60,348,357	8.20%
6	EGINA	TUPNI	EGINA	59,744,239	8.12%
7	ESCRAVOS	CHEVRON	ESCRAVOS BLEND	58,555,847	7.96%
8	AKPO	TUPNI	AKPO	35,702,431	4.85%
9	ERHA	MOBIL	ERHA	35,150,046	4.78%
10	ODUDU	TEPNG	AMENAM BLEND	33,665,343	4.58%
11	BRASS	NAOC	BRASS BLEND	32,325,992	4.39%
12	USAN	MOBIL	USAN	21,826,432	2.97%
13	TULJA	SEPCO	TULJA	14,429,400	1.96%
14	UGO	NECONDE	UGO	12,812,636	1.74%
15	YOHO	MOBIL	YOHO	12,711,180	1.73%
16	ANTAN	ADDAX	ANTAN BLEND	7,570,313	1.03%
17	PENNINGTON	CHEVRON	PENNINGTON LIGHT	7,215,699	0.98%
18	ABO	NAE	ABO	6,631,970	0.90%
19	EBOK	ORIENTAL ENERGY	EBOK	6,633,680	0.90%
20	EA	SPDC	EA	6,524,466	0.89%
21	OKONO	NPDC	OKONO	6,344,279	0.86%
22	OKORO	AMNI	OKORO	5,741,253	0.78%
23	OKWORI	ADDAX	OKWORI BLEND	2,616,933	0.36%
24	OTAKIKPO	GREEN ENERGY	OTAKIKPO BLEND	1,694,470	0.23%
25	AJE	YINKA FOLAWIYO	AJE	861,316	0.12%
26	AJAPA	BRITTANIA-U	AJAPA	431,112	0.06%
27	OYO	ALLIED/CAMAC	OYO BLEND	380,691	0.05%
	Total			735,660,850.00	100.00%

Source: NEITI 2019 Templates  
DPR 2019 Signed-off Reports  
2019 NNPC Annual Production and Lifting profile

### 2.3.2. Sales of Crude Oil

The NNPC manages the sales of Federation share of crude oil production. Federation crude oil is broadly classified into export and domestic, which are lifted and marketed by the NNPC at international market prices. The buyers are selected through a competitive bidding process.

Figure 9 shows the process of sales and remittances of proceeds. Also, the figure shows the process of crude oil lifted by NNPC on behalf of DPR and FIRS.

These liftings are regarded as in-kind payments under the Alternative Funding (AF) arrangements and PSCs. These in-kind payments are for revenue, such as taxes, levies etc., earned by the Federation but paid with oil and gas. See Appendix 5 for details of NNPC lifting per bill of lading and vessel (Federation, FIRS, DPR and Third Parties).

### 2.3.2.1. Tendering Process for Crude Oil Sales

NNPC manages the tendering process for sales of the Federation equity share of crude oil, lifted, and sold under the export category and the Direct Sales Direct Purchases (DSDP) under the domestic crude category. The buyers of crude in the export category were among the international and indigenous companies selected in the 2018 tendering process under a two-year sales contract, consequently, there was no tendering for crude lifted under this category in 2019. Also, buyers under the DSDP arrangement were initially selected in 2018. However, the contract lapsed during the year and so a tendering process for DSDP was conducted in 2019. The pricing methodology for sales of Federation crude oil is used for DSDP, see section 2.3.3. for details of the pricing mechanism. Table 20 gives the summary of the DSDP tendering activities in 2019. Criteria used in the selection of successful bidders can be found on the NNPC website [here](#)<sup>11</sup> and [here](#)<sup>12</sup>.

**TABLE 20: DSDP TENDERING IN 2019**

Summary of Bidding data		DSDP
Date of Advertisement	18 <sup>th</sup> March 2019	
Number of Applicants	132	
Number of Successful bidders	15	
Date of Bid Opening	2 <sup>nd</sup> May 2019	
Date of Bid Evaluation	2 <sup>nd</sup> – 20 <sup>th</sup> May 2019	
Start Date of Signing Contract	1 <sup>st</sup> October 2019	
End Date of Signing Contract	30 <sup>th</sup> September 2020; Extended for 6 months to 31 <sup>st</sup> March 2021	

Source: NEITI 2019 Audit Templates and NNPC 2019 Tendering Activities Profile

The details of successful bidders for the DSDP are summarized in Table 21.

**TABLE 21: SUCCESSFUL BIDDERS FOR DIRECT SALES DIRECT PURCHASES (DSDP) IN 2019**

S/N	Names Successful Bidders	Volumes Allocated (Bpd)	Term Contract Duration		
			Effective Date	Expiry Date	Years
1	BP Oil International Limited/ AYM Shafa Limited	30,000	01/10/2019	30/09/2020	1
2	Vitol SA/ Calson-Hyson	30,000	01/10/2019	30/09/2020	1
3	TOTAL Oil Trading SA/TOTAL Nigeria PLC	30,000	01/10/2019	30/09/2020	1
4	Gunvor International B.V./AY Maikifi Oil and Gas	30,000	01/10/2019	30/09/2020	1

<sup>11</sup> <https://www.nnpcgroup.com/NNPCDocuments/Bids%20and%20Advert/NNPC%20Crude%20Application%20Advert%202020.pdf>

<sup>12</sup> <https://www.nnpcgroup.com/NNPCDocuments/Bids%20and%20Advert/DSDP%20ITT%20-%20PUBLICATION%202020%20New.pdf>

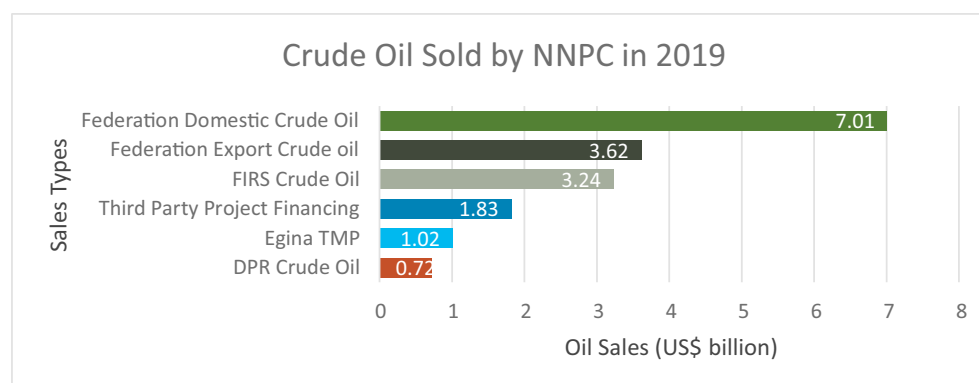
S/N	Names Successful Bidders	Volumes Allocated (Bpd)	Term Contract Duration		
			Effective Date	Expiry Date	Years
5	Trafigura Petroleum Limited/ AA Rano Nigeria Ltd	30,000	01/10/2019	30/09/2020	1
6	Compania Espanola De Petroleos. S.A.U. (CEPSA)/Oando PLC	30,000	01/10/2019	30/09/2020	1
7	Mocoh SA/ Mocoh Nigeria Limited	30,000	01/10/2019	30/09/2020	1
8	Litasco SA/Brittania-U Nigeria Limited/ Freepoint Commodities	30,000	01/10/2019	30/09/2020	1
9	MRS Oil & Gas Company Limited	30,000	01/10/2019	30/09/2020	1
10	Sahara Energy Resource Limited	30,000	01/10/2019	30/09/2020	1
11	Bono Energy/Eterna /Arkleen Oil & Gas/Amazon Energy	30,000	01/10/2019	30/09/2020	1
12	Matrix Energy Limited/ Petratlantic Energy Ltd/ UTM Offshore Lid/Levene Energy Development Ltd	30,000	01/10/2019	30/09/2020	1
13	Mercuria Energy Trading SA/Barbados Oil & Gas Services Limited/Rainoil Limited/Petrogas Energy	30,000	01/10/2019	30/09/2020	1
14	Asian Oil & Gas PTE Limited/Eyrie Energy Ltd/Masters Energy Oil & Gas Limited/Casiva Ltd	30,000	01/10/2019	30/09/2020	1
15	Duke Oil Incorporated/Duke Global Energy Investment Ltd	30,000	01/10/2019	30/09/2020	1

Source: NEITI 2019 Audit Templates and NNPC 2019 Tendering Activities Profile

There were forty- three (43) buyers of Federation export crude oil in 2019 compared to forty -one (41) buyers in 2018. Twenty (20) entities accounted for 73% of the total sales in 2019 while the remaining twenty-three (23) entities accounted for 27% of the sales. Furthermore, there were fourteen (14) buyers of Federation domestic crude oil under the DSDP arrangement in 2019. Seven (7 ) buyers accounted for 74.7% of the total DSDP sales while the remaining seven (7) buyers accounted for 25.3%. See Appendix 10 for details of buyers of Federation crude oil.

### 2.3.2.2. Crude Oil Sales Proceeds

NNPC lifted total crude oil of 266.650mmbbls in 2019. This translated to actual sales valued at US\$17.441 billion, see Figure 14.



**FIGURE 14: CRUDE OIL SOLD BY NNPC**

Table 22 provides a summary of crude sales proceeds and destination accounts of beneficiaries.

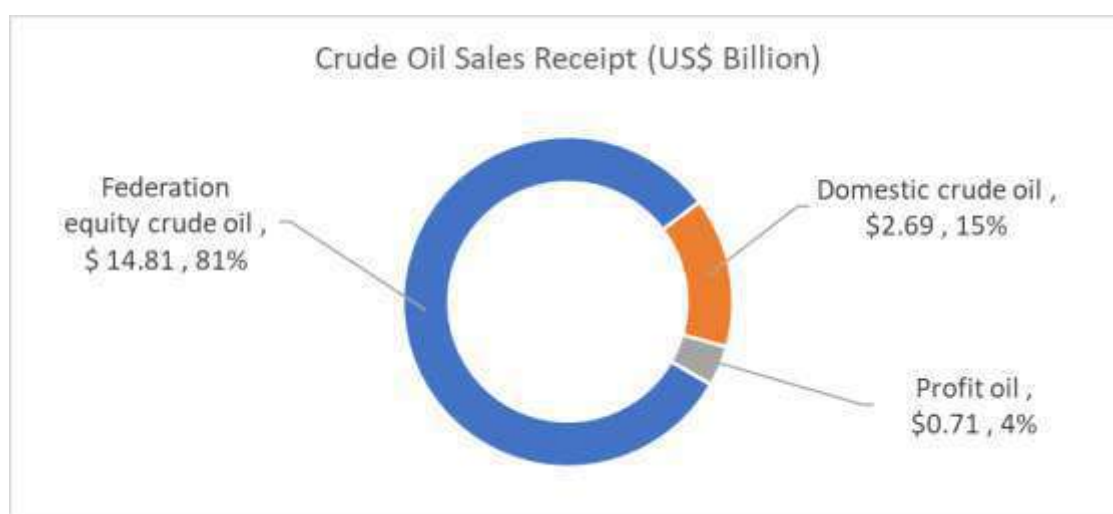
S/N	NNPC Lifting on Behalf of:	2019		Analysis of Collections			JP Morgan Chase Crude Oil Revenue Account	JV Proceeds Account (Dollars Account)	CBN NNPC Crude Oil Naira Account (USD Equivalent)	Beneficiary Accounts			JV Partners Cash Call Arrears Account	Project Cheetah Account	Project Santolina Account
		Quantity	Value	Cash Received	Others	Sales Receivable				FIRS Account	DPR Account	Escrow Account			
		Bbls'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
1	Federation Export Crude Oil:														
	Joint Venture Equity Oil	52,545	3,453,052	3,029,330	10,628	413,093	162,476	3,025,457	-	-	-	-	-	-	-
	Production Sharing Contract-Profit Oil	2,126	134,097	130,604	3,493	-	-	-	-	-	-	-	-	-	-
	Marginal Field	415	27,072	26,897	174	-	-	-	-	-	-	-	-	-	-
	Service Contract	17	1,101	1,101	-	-	-	-	-	-	-	-	-	-	-
	Other Collections														
	Undistributed prior balances	-	-	1,152,587	-	-	-	1,152,587	-	-	-	-	-	-	-
	Receipt from Prior Year Receivables	-	-	284,497	-	-	58,901	225,595	-	-	-	-	-	-	-
	Receipt from Interest and Other Classified Lodgments	-	-	354,186	-	-	350,467	3,718	-	-	-	-	-	-	-
2	Federation Domestic Crude Oil:														
	Direct Sales Direct Purchase														
	-Joint Venture Equity Oil	95,766	6,252,951	2,685,384	1,982,366	2,343,445	-	-	2,685,384	-	-	-	-	-	-
	-Production Sharing Contract- Profit Oil	8,709	575,527				-	-	-	-	-	-	-	-	-
	Refinery Deliveries						-	-	-	-	-	-	-	-	-
	-Joint Venture Equity Oil	2,764	182,717				-	-	-	-	-	-	-	-	-
	Other Collections														
	Undistributed prior balances	-	-	96,711	-	-	-	-	96,711	-	-	-	-	-	-
	Receipt from Prior Year Receivables	-	-	1,983,738	229,486	-	-	-	1,983,738	-	-	-	-	-	-
	Receipt from Interest and Other Classified Lodgments	-	-	46,358	-	-	-	-	46,358	-	-	-	-	-	-
3	FIRS- Crude Oil:														
	Production Sharing Contract-Tax Oil	49,396	3,207,622	3,207,622	-	-	-	-	-	3,207,622	-	-	-	-	-
	Service Contract- Tax Oil	520	33,833	33,833	-	-	-	-	-	33,833	-	-	-	-	-

S/N	NNPC Lifting on Behalf of:	2019		Analysis of Collections				Beneficiary Accounts				Escrow Account	JV Partners Cash Call Arrears Account	Project Cheetah Account	Project Santolina Account
		Quantity	Value	Cash Received	Others	Sales Receivable	JP Morgan Chase Crude Oil Revenue Account	JV Proceeds Account (Dollars Account)	CBN NNPC Crude Oil Naira Account (USD Equivalent)	FIRS Account	DPR Account				
		Bbls'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
4	DPR- Crude Oil:														
	Production Sharing Contract	7,852	504,658	504,658	-	-	-	-	-	-	504,658	-	-	-	-
	Service Contract	349	23,387	23,387	-	-	-	-	-	-	23,387	-	-	-	-
	Concession Rentals	1	37	37	-	-	-	-	-	-	37	-	-	-	-
	Repayment Agreement (RA)/ Project lifting	2,873	190,070	190,070	-	-	-	-	-	-	190,070	-	-	-	-
5	Third-Party Project Financing														
a	MCA Oil:														
	FIRS- Petroleum Profit Tax	5,197	329,407	329,407	-	-	-	-	-	329,407	-	-	-	-	-
	DPR- Royalty	1,400	88,757	88,757	-	-	-	-	-	-	88,757	-	-	-	-
	FIRS- Education tax	216	13,582	13,582	-	-	-	-	-	13,582	-	-	-	-	-
	Carry Oil	384	24,107	24,107	-	-	-	-	-	-	-	24,107	-	-	-
	Share Oil	317	20,442	20,442	-	-	-	-	-	-	-	20,442	-	-	-
b	JV Cash Call Arrears - RA Account	9,421	611,837	611,837	-	-	-	-	-	-	-	-	611,837	-	-
c	NNPC/CHEVRON - PROJECT CHEETAH	6,571	441,793	441,793	-	-	-	-	-	-	-	-	-	441,793	-
d	NNPC/SPDC PROJECT SANTOLINA	4,578	300,824	300,824	-	-	-	-	-	-	-	-	-	-	300,824
e	Egina- TMP	15,234	1,024,021	1,024,021	-	-	-	-	-	-	-	1,024,021	-	-	-
	Total	266,650	17,440,892	16,605,769	2,226,148	2,756,538	571,845	4,407,358	4,812,191	3,584,445	806,908	1,068,569	611,837	441,793	300,824

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
Bank Statements

NB: Others includes deductions for PMS under-recovery, crude & product losses, pipeline repairs and management cost, see downstream deductions as provided by N-Capital in table 29. Others also includes bank charge and offset for lifting deposit, MPNU repayment agreement closeout, and issued credit notes.

Of the US\$17.441 billion crude oil sales in 2019, US\$2.757billion was sale receivables and the remaining balance of US\$14.684billion was cash receipts from 2019 sales. In addition to the cash receipts, a total of US\$3.518billion accrued as receipts from sales proceeds from Federation equity crude, profit oil and in-kind payments . The US\$ 3.518billion is made up of US\$1.249billion balance<sup>13</sup> from 2018 and US\$2.268billion prior-year receivables. A total of US\$18.202billion was the aggregate cash receipts for 2019. This includes proceeds from the sales of Federation equity crude oil, domestic crude oil, and profit oil. See Figure 15.



**FIGURE 15: AGGREGATE OF FEDERATION CRUDE OIL SALE RECEIPT FOR 2019**

### 2.3.2.3. Federation Export Sales of Crude Oil

Federation export sales of crude oil include the Federation's portion in JVs (equity oil), PSC profit oil, MF and SC oil. Total Federation export sales were 55.103mmbbls in 2019. This was 1.35% lower than sales in 2018 (55.858mmbbls). Table 23 shows the quarterly analysis of Federation export crude oil sales value and quantity.

**TABLE 23: QUARTERLY FEDERATION EXPORT CRUDE OIL SALES VALUE AND QUANTITY**

	2019	2018	% Quantity	2019	2018	% Value
	Quantity	Quantity	Change	Value	Value	Change
	mmbbls	mmbbls		US\$'000	US\$'000	
1st Quarter	15,425	14,464	6.64%	986,619	988,351	-0.18%
2nd Quarter	13,474	10,580	27.36%	956,161	803,101	19.06%
3rd Quarter	13,020	16,777	-22.39%	815,638	1,270,048	-35.78%
4th Quarter	13,184	14,037	-5.90%	856,904	960,676	-10.80%
Total	55,103	55,858	-1.35%	3,615,322	4,022,177	-10.12%

Source: NEITI 2019 Templates and NNPC 2019 Sales Profile

<sup>13</sup> Undistributed balance is the closing balance/ amount left in the bank account.

Of the total sales value of US\$3.615 billion in 2019, US\$3.025billion (83.68%) total cash receipts were deposited into the JV Proceeds' Dollar account in Zenith Bank, Access Bank, and First Bank of Nigeria, while US\$162.476million (4.49%) was deposited into JP Morgan Chase crude oil revenue Dollar account. Other deposits represented US\$14.296million (0.4%) and were for offsetting credit notes, bank charges and Mobil Producing Unlimited Cash-Call arrears Repayment Agreement close-out. US\$413.093million (11.43%) was sales receivables.

JV Proceeds' Dollar account is operated for each JV Partner. Cash receipts from the sales of crude oil lifted from each JV partner is deposited into the respective JV partner's account. Before 2017, all sales proceeds from Federation production arrangements were deposited into JP Morgan Chase accounts in the USA. However, due to a government initiative to institutionalize the JV operations, proceeds accounts were opened for each JV partner. NNPC has thirteen (13) JV partners; however, there are fourteen (14) bank accounts. The 14<sup>th</sup> account (NAOC) is inactive because NAOC JV assets have been transferred to NPDC. Of these 13 JVs, a total of ten (10) bank accounts were operational in 2019 with Zenith Bank, Access Bank and First Bank of Nigeria.

Table 24 shows the monthly analysis of Federation exported crude oil sales proceeds and destination accounts in 2019.



**TABLE 24: MONTHLY EXPORT CRUDE SALES PROCEEDS AND DESTINATION ACCOUNTS**

2019	Monthly Reconciliation					Reasons for monthly variances				
	Actual Sales		Cash Receipt		Variance	Credit Note	Bank Charges	MPNU RA Closeout	Sales Receivable	Total
	Quantity	NNPC/COMD Sales Value	JV Proceeds Account	JP Morgan Bank Receipts						
Month of Lifting	mmbbls	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
January	5,863	350,290	280,976	62,278	7,036.11	7,036.03	0.08	-	-	7,036.11
February	4,476	294,218	288,232	5,926	60.05	60.05	-	-	-	60.05
March	5,086	342,111	339,033	-	3,078.22	3,078.20	0.02	-	-	3,078.22
April	6,260	458,594	442,971	15,455	167.72	167.72	-	-	-	167.72
May	3,471	248,220	238,953	5,840	3,427.68	48.21	0.05	3,379.42	-	3,427.68
June	3,743	249,347	249,347	-	0.04	-	0.04	-	-	0.04
July	2,403	150,731	146,187	4,344	200.00	200.00	-	-	-	200.00
August	4,419	267,970	267,725	-	244.40	244.36	0.04	-	-	244.40
September	6,197	396,938	334,838	62,018	81.51	81.51	-	-	-	81.51
October	6,131	383,894	380,636	3,258	0.02	-	0.02	-	-	0.02
November	2,162	136,361	56,559	3,358	76,443.86	-	-	-	76,443.86	76,443.86
December	4,891	336,649	-	-	336,648.97	-	-	-	336,648.97	336,648.97
<b>Total</b>	<b>55,103</b>	<b>3,615,322</b>	<b>3,025,457</b>	<b>162,476</b>	<b>427,388.57</b>	<b>10,916.08</b>	<b>0.24</b>	<b>3,379.42</b>	<b>413,092.82</b>	<b>427,388.57</b>

Source: NEITI 2019 Audit Templates

NNPC 2019 Sales Profile

2019 JV Proceeds Bank Statement

2019 JP Morgan Crude Oil Revenue Bank Statement

In addition to the actual cash receipts of US\$3.188billion (US\$162.476million in JP Morgan and US\$3.025billion in JV proceeds account), NNPC received US\$284.497million for prior year sales receivables (US\$58.901million in JP Morgan and US\$225.595million in JVC proceeds account) and US\$1.153billion (all in JV proceeds account) as undistributed funds from the prior year. Also, the sum of US\$354.186million (US\$350.467million in JP Morgan and US\$3.718million in JV proceeds account), accounted for interest and other classified lodgments (miscellaneous revenue) in 2019. Table 25 shows the summary of transactions in the JP Morgan crude oil revenue Dollar account and table 27 shows the summary of transactions in the JV proceeds Dollar account.

**TABLE 25: SUMMARY OF JP MORGAN CRUDE OIL REVENUE (DOLLAR) ACCOUNT**

Description	2019	2018
	US\$'000	US\$'000
<b>Balance as at 1st January (A)</b>	-	-
<b>Lodgments:</b>		
Export Crude Proceeds- Prior Year	58,901.46	17,393.88
Export Crude Proceeds- Current year	162,476.19	174,174.54
Interest and Other Classified Lodgments*	350,467.48	217,812.63
<b>Total Lodgment during the year (B)</b>	571,845.13	409,381.06
<b>Total Inflow (A+B)=C</b>	571,845.13	409,381.06
<b>Payments:</b>		
Direct Payment to Federation Account	-	-
Transfer to Bank for International Settlement	571,845.13	409,381.06
Direct Transfer to JV Cash call Account	-	-
<b>Total Outflow (D)</b>	571,845.13	409,381.06
<b>Balance as at 31st December</b>	-	-

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
JP Morgan Chase crude oil and gas revenue account

**TABLE 26: INTEREST AND OTHER CLASSIFIED LODGMENTS:**

Description	2019	2018
	US\$'000	US\$'000
Interest	79.94	13.94
Insurance Claims	19.98	533.68
First Lifting Deposit	250.00	-

Description	2019	2018
	US\$'000	US\$'000
SPDC/ NNPC JV-Ullage Revenue <sup>14</sup>	334,341.53	213,166.16
Over Riding Royalty Interest	4,033.12	1,583.87
Others	11,742.92	2,514.99
	350,467.48	217,813

Source: NEITI 2019 Audit Templates

NNPC 2019 Sales Profile

2019 JV Proceeds and JP Morgan Crude Oil Revenue Bank Statement

**TABLE 27: SUMMARY OF JV PROCEEDS (DOLLAR) ACCOUNT**

Description	2019
	US\$'000
Balance as at 1st January (A)	1,152,587.41
Lodgments:	
Export Proceeds- Prior Year	-
- Crude Oil	225,595.35
Export Proceeds- Current year	-
- Crude Oil	3,025,457.10
- Gas	206,611.34
Interest and Other Classified Lodgments*	3,718.20
Total Lodgment during the year (B)	3,461,381.99
Total Inflow (A+B) = C	4,613,969.41
Payments:	
Direct Payment to Federation Account	39,100.56
Direct Transfer to GTR Sinking Fund Account	38,463.53
Direct Transfer to JV Cash call Account	4,035,188.42
Total Outflow (D)	4,112,752.50
Balance as at 31st December	501,216.91

Source: NEITI 2019 Templates

NNPC 2019 Sales Profile

JV Proceeds Dollar Account- Zenith Bank, First Bank and Access Bank

See Appendix 23 for further details of the JV proceeds bank accounts.

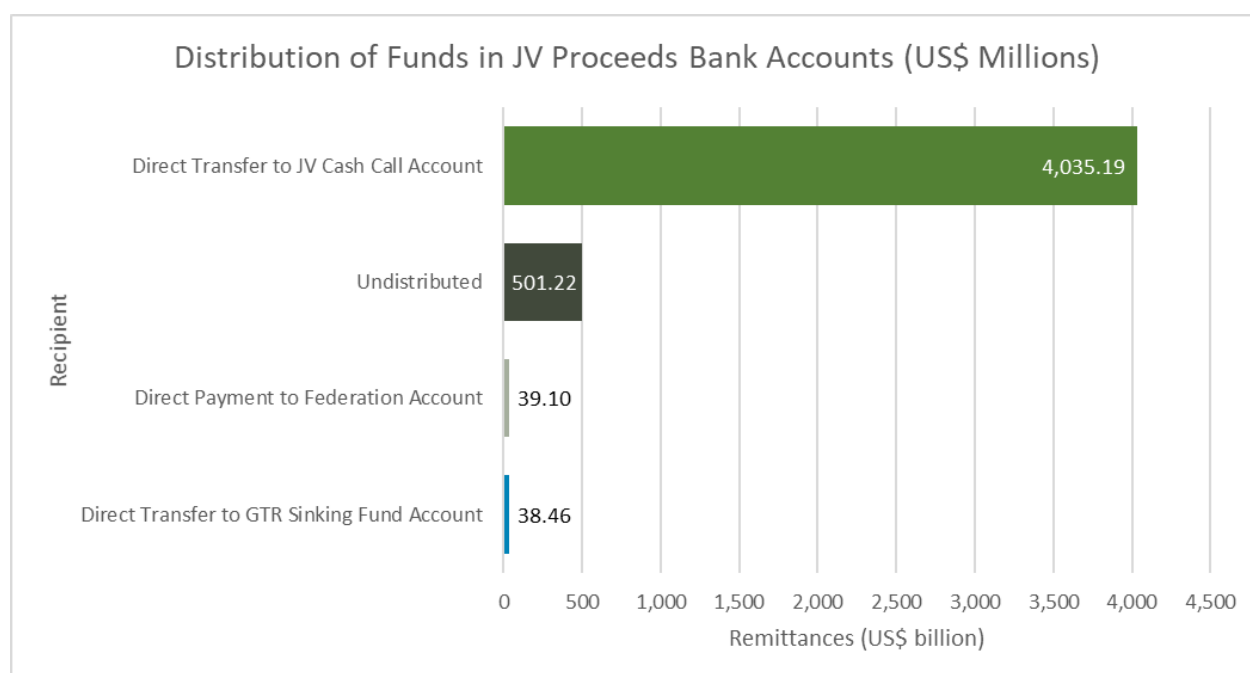
<sup>14</sup> This is transportation revenue accrued to government through the transportation of crude oil by third parties (sole risk and marginal field operators) through pipelines owned by the joint venture (JV) partners. These pipelines are managed by the JV operator based on terms agreed to in the Joint Operating Agreement (JOA).

A total of US\$5.407billion (2019 sales: US\$3.615billion, 2018 sales receivable: US\$284.497million: 2018 undistributed funds: US\$1.153billion and miscellaneous revenue: US\$354.186million) was the aggregate amount available for distribution from crude oil sales and miscellaneous income in 2019. Of this amount, US\$571.845million was deposited into the JP Morgan Chase account and US\$4.407billion was deposited into the JVC proceeds account. Furthermore, US\$413.093million was sales receivables and US\$14.296million as deductions.

The total amount in the JV proceeds accounts in 2019 was US\$4.614 billion. This includes US\$4.407billion from crude oil sales and US\$206.611million from gas sales.

US\$4.614billion can also be disaggregated into US\$3.46 billion as a total receipt (Sales and Miscellaneous) in 2019 and US\$1.153billion as undistributed funds from the prior year.

Of the US\$4.614billion, US\$38.464million (1%) was transferred to the Designated Group Treasury (GTR) sinking fund account for pre-export financing and US\$4.035billion (87%) to the JV Cash Call Funding Account. Furthermore, US\$39.101million (1%) was transferred to the Federation Account and US\$501.217million (11%) remained a closing balance, see Figure 16.



**FIGURE 16: DISTRIBUTION OF FUNDS IN JV PROCEEDS BANK ACCOUNTS**

See Appendix 23 for further details of the JV proceeds bank accounts.

#### 2.3.2.4. Federation Domestic Sales of Crude Oil

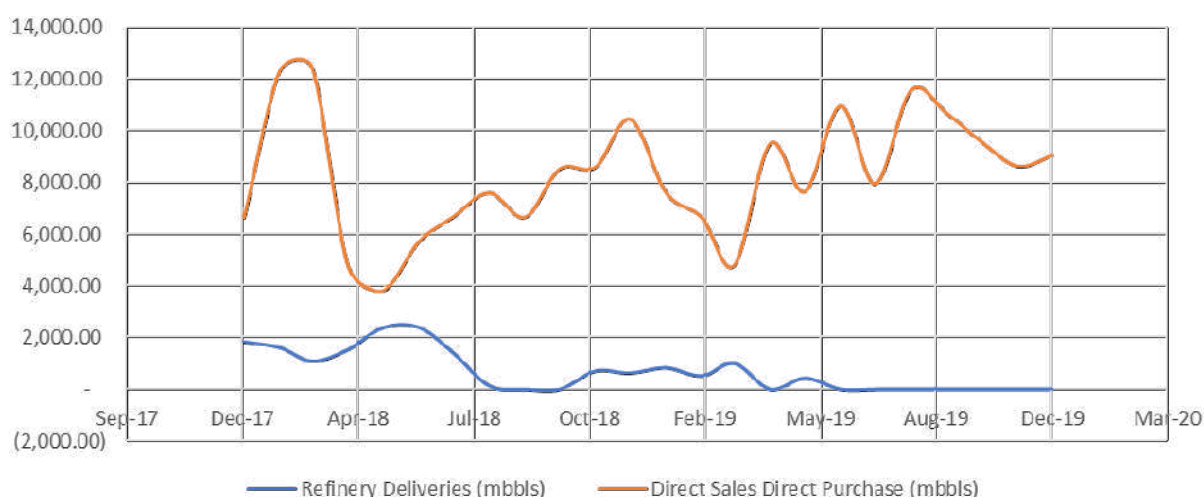
A total of N2.145trillion (US\$7.011billion) was the domestic sales proceeds in 2019. Total domestic crude oil sales were 107.239mmbbls in 2019. This was 0.36% lower than the domestic crude sales in 2018 (107.626mmbbls). Of the 107.239mmbbls, 97% i.e., 104.475mmbbls was utilised for the DSDP programme while 3% (2.764mmbbls) was delivered to the refineries. Table 28 shows the domestic sales of Federation portion of JV equity crude oil.

**TABLE 28: DOMESTIC CRUDE OIL SALES QUANTITY AND VALUES (SALES RECEIVABLE)**

2019	Direct Sales Direct Purchases			Refinery Deliveries			Total Sales		
	Volume	Value	Value	Volume	Value	Value	Volume	Value	Value
	mmbbls	US\$'000	N'000	mmbbls	US\$'000	N'000	mmbbls	US\$'000	N'000
1st Quarter	19,021	1,212,414	370,842,071	2,334	153,332	46,900,680	21,355	1,365,746	417,742,752
2nd Quarter	28,083	1,952,951	597,505,383	430	29,385	8,990,330	28,513	1,982,336	606,495,712
3rd Quarter	30,155	1,877,542	574,373,067	-	-	-	30,155	1,877,542	574,373,067
4th Quarter	27,216	1,785,571	546,384,668	-	-	-	27,216	1,785,571	546,384,668
<b>Total</b>	<b>104,475</b>	<b>6,828,478</b>	<b>2,089,105,189</b>	<b>2,764</b>	<b>182,717</b>	<b>55,891,010</b>	<b>107,239</b>	<b>7,011,195</b>	<b>2,144,996,199</b>

Source: NEITI 2019 Audit Templates and NNPC 2019 Sales Profile

Since the commencement of DSDP in 2016, it has witnessed a steady increase in domestic crude allocation from 63.77mmbbls in 2016 to 104.48mmbbls in 2019. The delivery to the refineries declined by 79.6% from 13.58mmbbls in 2018 to 2.76mmbbls in 2019, while utilisation for DSDP increased by 11.1% from 94.05mmbbls in 2018 to 104.48mmbbls in 2019. Figure 17 shows a two-year trend of domestic crude allocation (2018- 2019).



**FIGURE 17: TWO-YEAR TREND OF DOMESTIC SALES**

### 2.3.2.5. Management of the Federation Domestic Crude Oil Sales Proceeds

The NNPC manages the Federation domestic crude allocation. The volumes are mainly utilised for the DSDP arrangement and deliveries to refineries. The NNPC pays for the domestic crude at international market prices.

The DSDP transactions are cash-backed and buyers of the domestic crude through the DSDP are selected through a competitive bidding process as shown in table 20. Sales proceeds from domestic crude oil are lodged into the Central Bank of Nigeria (CBN)/NNPC Naira account and subsequently transferred to either the Federation Account or the Cash-call accounts. [Figure 9](#) shows the process of sales and remittances of proceeds.

The total domestic sale in 2019 was N2.145trillion (US\$7.011billion). In addition, NNPC received N606.902billion (US\$1.984billion) for prior year receivables (sales receivable: N576.596billion and other miscellaneous receivables: N30.306billion) and N29.588billion (US\$96.711million) as undistributed funds from the prior year. Also, N14.183billion (US\$46.358million) was received as interest and other classified lodgments (miscellaneous revenue), see details in Table 22. Consequently, a total of N2.796trillion (US\$9.138billion) was the aggregate amount available for distribution from domestic crude oil sales and miscellaneous revenue in 2019. Of this amount, N1.472trillion (US\$4.812billion) was deposited into CBN/NNPC domestic crude oil revenue Naira account.

Furthermore, the 2019 sales receivable<sup>15</sup> was N717.060billion (US\$2.343billion) while N606.373billion (US\$1.982billion) were deductions from April to December 2019. Furthermore, N70.209billion (US\$229.49million) was deductions from January to March 2019-- this was deducted against prior year sales receipt in 2019. Consequently, the total deduction was N676.582billion (US\$2.212billion).

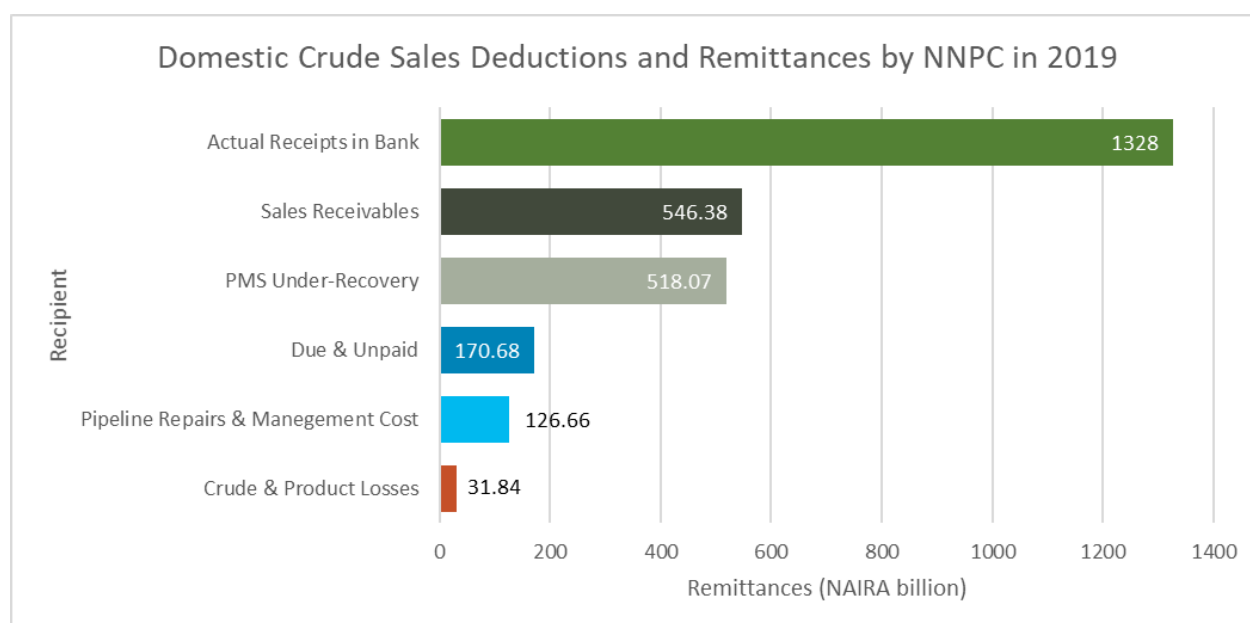
The total deduction of N676.582billion (US\$2.212billion) represented 25% of the N2.722trillion total domestic sales remittable by NNPC. The under-recovery of imported petroleum product<sup>16</sup> is a process where the government pays for the shortfall in the price of imported petroleum products making it possible for the NNPC to sell to the public at the government-regulated price(s). The N2.722trillion comprised N576.596billion for 2018 sales receivables and N2.145trillion for 2019 sales as shown in Table 29.

Figure 18 shows that of the N2.722trillion remittable by NNPC in 2019, N518.074billion (19%) was deducted for Premium Motor Spirit (PMS) under-recovery, N31.844billion (1%) as crude and product losses and N126.664billion (5%) as pipeline repairs and management cost. Furthermore, N546.385million (20%) represented receivables while N1.499trillion (55%) was due to be paid in 2019.

<sup>15</sup> Sales receivable is the sales proceeds that is unpaid because it is not due for payment.

<sup>16</sup> under-recovery of imported petroleum product refers to PMS.

Of the total N1.499trillion to be paid in 2019, N1.328trillion (89%) was paid into Central Bank of Nigeria (CBN)/NNPC crude oil revenue (Naira) account and N170.676billion (11%) remain unpaid. The unpaid N170.676billion in December 2019, was due to NNPC's payment cycle occasioned by delays in processing remittances. However, this has been paid in 2020.



**FIGURE 18: PATTERN OF DOMESTIC CRUDE SALES REMITTANCE BY NNPC**

NB: The under-recovery captured in the report are as verified by the IA using the work back audit approach. That is total domestic crude sales proceeds (as confirmed from sales invoice and reconciled with production/lifting records) less all downstream deductions (inclusive of Under-recovery) less sales receivable proceeds (as confirmed from sales invoice and reconciled with production/lifting records). This gives the net amounts that were traced to the bank statement.

Table 29 shows the detailed monthly analysis of domestic sales, downstream deductions and remittances traced to CBN/NNPC crude oil and gas revenue (Naira) account.

**TABLE 29: DOMESTIC SALES, DEDUCTIONS AND REMITTANCES**

Month of Sales	Prior Year			Current Year			Downstream Deductions as provided by N-Capital			Expected Amount to be remitted to CBN NNPC Crude Oil Naira Account			Total Expected in 2019 (N' Million)			Actual Payment traced to CBN NNPC Crude Oil & Gas Revenue (Naira) Account			Variance (N' Million)
	QTY (mmbbls)	Value (US\$ Million)	Value (N' Million)	QTY (mmbbls)	Value (US\$ Million)	Value (N' Million)	PMS UNDER-RECOVERY ESTIMATE (N' Million)	CRUDE & PRODUCT LOSSES (N' Million)	PIPELINE REPAIRS & MANAGEMENT COST (N' Million)	Prior Year (N' Million)	Current Year (N' Million)	DATE	Prior Year (N' Million)	Current Year (N' Million)	DATE	Prior Year (N' Million)	Current Year (N' Million)	DATE	
Oct-18	8.51	673	205,545	N/R	N/R	N/R	(11,889)	(2,276)	(14,601)	176,779	N/R	01-03-19	148,135	N/R	01-03-19	148,135	N/R	01-03-19	28,644
Nov-18	9.29	594	181,587	N/R	N/R	N/R	(2,876)	(2,076)	(10,124)	166,512	N/R	28-03-19	166,512	N/R	28-03-19	166,512	N/R	28-03-19	(0)
Dec-18	11.06	620	189,464	N/R	N/R	N/R	(13,336)	(1,037)	(11,995)	163,096	N/R	02-05-19	191,740	N/R	02-05-19	191,740	N/R	02-05-19	(28,644)
Jan-19	N/R	N/R	N/R	8.42	507	155,131	(104,347)	190	(7,082)	N/R	43,891	23-05-19	N/R	43,891	23-05-19	N/R	43,891	23-05-19	0
Feb-19	N/R	N/R	N/R	7.15	466	142,401	(102,338)	(5,714)	(12,430)	N/R	21,918	01-07-19	N/R	21,918	01-07-19	N/R	21,918	01-07-19	(0)
Mar-19	N/R	N/R	N/R	5.78	393	120,211	(30,637)	(4,731)	(16,813)	N/R	68,030	26-07-19	N/R	68,030	26-07-19	N/R	68,030	26-07-19	0
Apr-19	N/R	N/R	N/R	9.49	697	213,314	(89,190)	(8,438)	(12,578)	N/R	103,109	23-08-19	N/R	103,109	23-08-19	N/R	103,109	23-08-19	(0)
May-19	N/R	N/R	N/R	8.07	557	170,295	(42,927)	(4,749)	(11,079)	N/R	111,541	20-09-19	N/R	111,541	20-09-19	N/R	111,541	20-09-19	0
Jun-19	N/R	N/R	N/R	10.96	729	222,886	(31,405)	(87)	(12,916)	N/R	178,478	17-10-19	N/R	178,478	17-10-19	N/R	178,478	17-10-19	(0)
Jul-19	N/R	N/R	N/R	7.93	509	155,623	(29,313)	(659)	(4,852)	N/R	120,799	21-11-19	N/R	120,799	21-11-19	N/R	120,799	21-11-19	(0)
Aug-19	N/R	N/R	N/R	11.56	693	212,060	(33,188)	(89)	(4,987)	N/R	173,797	18-12-19	N/R	173,797	18-12-19	N/R	173,797	18-12-19	(0)
Sep-19	N/R	N/R	N/R	10.67	675	206,690	(26,629)	(2,177)	(7,208)	N/R	170,676	-	-	-	-	-	-	-	170,676
Oct-19	N/R	N/R	N/R	9.56	603	184,492	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Nov-19	N/R	N/R	N/R	8.62	561	171,542	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Dec-19	N/R	N/R	N/R	9.03	622	190,351	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R	N/R
Total	28.86	1,887	576,596	107.24	7,011	2,144,996	(518,074)	(31,844)	(126,664)	506,387	992,238		506,388	821,563		506,388	821,563		170,675

Source: 2019 CBN/NNPC Crude Oil & Gas Revenue Naira Account

NNPC 2019 Downstream deductions profile

NEITI 2018 Report

NEITI 2019 Audit Templates

N/R means not relevant



Review of the CBN Naira bank account for domestic crude oil revenue indicated the total amount available for distribution was N1.491trillion. This was 15% higher than the 2018 inflow (N1.297trillion). Table 30 shows the summary of transactions in the CBN/NNPC domestic crude oil revenue (Naira) account.

**TABLE 30: SUMMARY OF CBN-NNPC DOMESTIC CRUDE OIL REVENUE (NAIRA) ACCOUNT**

Description	2019	2018
	N'000	N'000
Balance as at 1st January (A)	29,587,751.82	0.02
Lodgments:		
Domestic Crude Proceeds- Prior Year	606,902,379.39	298,576,672.42
Domestic Crude Proceeds- Current year	821,562,951.84	897,922,087.21
Interest and Other Classified Lodgments	14,182,660.67	135,901.54
Reversal	18,643,981.98	100,172,027.30
Total Lodgment during the year (B)	1,461,291,973.88	1,296,806,688
Total Inflow (A+B) = C	1,490,879,725.69	1,296,806,688
Payments:		
Payment to Federation Account	134,382,132.11	659,230,329.40
Pre-Export Finance Account	105,354,146.74	-
FIRS Petroleum Profits Tax (PPT)/Company Income Tax (CIT) Account	269,586,245.08	-
DPR Royalty Account	199,125,578.05	-
Joint Venture Cash Call	763,787,641.71	507,816,579.96
Reversal	18,643,981.98	100,172,027.30
Total Outflow (D)	1,490,879,725.67	1,267,218,937
Balance as at 31st December	0.02	29,587,752

Source: 2019 CBN/NNPC Crude Oil & Gas Revenue Naira Account

NEITI 2018 Report

NEITI 2019 Templates

Of the total N1.491trillion paid out, 9% (N134.382 billion) was paid into the Federation Account and 7% (N105.354billion) was paid into the pre-export finance account for Pre-Export Financing (PXF) per Federation approved appropriation for repayment of the debt obligation. Also, 51% (N763.788billion) was paid into the JV Cash Call funding account. Other payments included, N269.586billion (18%) for the FIRS PPT/ CIT account relating to Petroleum Profit Tax and Company Income Tax obligations due on Federation profits from oil and gas operations, N199.126billion (13%) for DPR royalty relating to royalties due on Federation share of oil and gas production, and N18.644billion (1%) as a reversal of Federation transfer. NNPC made deductions and remittance for taxes and royalties in line with revised FAAC reporting templates. Figure 19 shows the pattern of disbursement from the CBN/NNPC domestic crude oil revenue (Naira) account.

## Disbursements from CBN Domestic Crude Oil Revenue

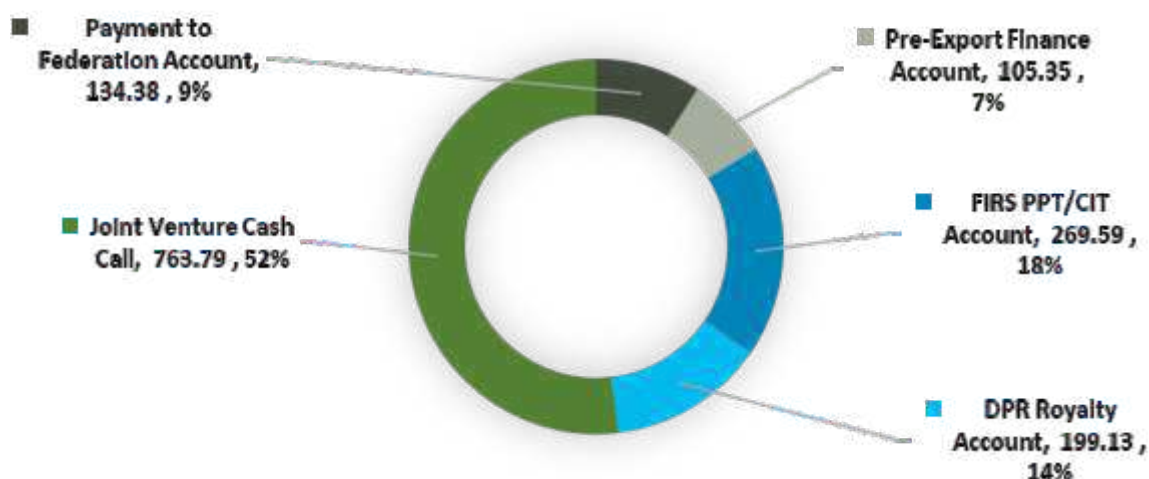


Figure 19: Pattern of disbursement from CBN domestic crude oil revenue account

In addition to the analysis in Table 29 (Domestic Sales, Deductions and Remittances), the report examined the pattern and consistency of NNPC's remittance of proceeds into the designated bank account.

Table 31 indicates NNPC's default in payment cycle on domestic crude oil—these were between 14 and 27 days. However, this is an improvement on the delays experienced in 2018 which were between 21 and 55 days. The opportunity cost of these monthly delayed remittances in 2019 by NNPC was N11.09billion.

TABLE 31: COMMERCIAL ANALYSIS OF DELAYED PAYMENT OF DOMESTIC SALES PROCEEDS

Bill of Lading Date	Expected Payment Date	Actual Payment Date	90 days of Ageing Analysis				Amount Due N' Billion	Interest Rate (CBN MPR)	Cost of Delay 90 Day payment cycle N' Billion
			Date NNPC Submitted Mandate to CBN	Expected Payment Cycle	Actual Payment Cycle	Default in Payment Cycle			
A	b	C	D	e	f= d- a	g=f - e	H	i	j= g/365 x h x i
31-Oct-18	29-Jan-19	01-Mar-19	25-Feb-19	90	117	27	176.78	14.00%	1.83
30-Nov-18	28-Feb-19	28-Mar-19	25-Mar-19	90	115	25	166.51	14.00%	1.60
31-Dec-18	31-Mar-19	02-May-19	23-Apr-19	90	113	23	163.10	13.50%	1.39
31-Jan-19	01-May-19	23-May-19	17-May-19	90	106	16	43.89	13.50%	0.26
28-Feb-19	29-May-19	01-Jul-19	25-Jun-19	90	117	27	21.92	13.50%	0.22
31-Mar-19	29-Jun-19	26-Jul-19	23-Jul-19	90	114	24	68.03	13.50%	0.60
30-Apr-19	29-Jul-19	23-Aug-19	20-Aug-19	90	112	22	103.11	13.50%	0.84
31-May-19	29-Aug-19	20-Sep-19	17-Sep-19	90	109	19	111.54	13.50%	0.78
30-Jun-19	28-Sep-19	17-Oct-19	14-Oct-19	90	106	16	178.48	13.50%	1.06
31-Jul-19	29-Oct-19	21-Nov-19	13-Nov-19	90	105	15	120.80	13.50%	0.67
31-Aug-19	29-Nov-19	18-Dec-19	13-Dec-19	90	104	14	173.80	13.50%	0.90

Bill of Lading Date	Expected Payment Date	Actual Payment Date	90 days of Ageing Analysis				Amount Due N' Billion	Interest Rate (CBN MPR)	Cost of Delay 90 Day payment cycle N' Billion $j = \frac{g}{365} \times h \times i$
			Date NNPC Submitted Mandate to CBN	Expected Payment Cycle	Actual Payment Cycle	Default in Payment Cycle			
A	b	C	D	e	f= d- a	g = f - e	H	i	j= g/365 x h x i
30-Sep-19	29-Dec-19	20-Jan-20	13-Jan-20	90	105	15	170.68	13.50%	0.95
Total							1,498.63		11.09

Source: 2019 CBN/NNPC Crude Oil & Gas Revenue Naira Account  
2019 NNPC Downstream deductions profile and sales profile  
2018 NEITI Report and NEITI 2019 Templates

Note: Bill of Lading Date- represents the last day of the month in which several transactions occurred. Each transaction was evidenced by the date on the bill of lading. NNPC usually batches the transactions monthly and this formed the basis for making a single monthly payment.

As asserted by NNPC management, delayed remittance of domestic sales proceeds was primarily attributed to the long-standing practice of bundling domestic sales proceeds remittances with the monthly Federation Accounts Allocation Committee (FAAC) remittances which are driven by the FAAC meeting schedule. However, NNPC transitioned to electronic remittance effective March 2020 liftings, thereby reducing the payment cycle. Furthermore, efforts are on-going to effect necessary internal process changes to enable timely payment going forward.

### 2.3.2.6. Non-Financial Flows

Non-financial flows are sales proceeds from crude oil and gas lifted instead of actual cash payments by respective E&P partners under a defined production arrangement. This crude oil and gas are lifted and sold by NNPC, and buyers are instructed to pay into the respective party's designated bank accounts. These parties include FIRS for PPT and Education tax (EDT) and DPR for royalty and concession rentals. Others include the Federation under PSC production and SC production arrangements and the Third parties under the MCA and the Cash-Call Repayment Agreement (projects Cheetah, Santolina and Falcon).

### In-kind flows under Alternative Funding Arrangements

Nigeria is entitled to revenue from the Joint Venture Alternative Funding Arrangement (JVAFA). Two forms of JVAFA were operational in the period under review: Third-Party Financing and MCA.

Third-Party financing arrangements included project Cheetah, Santolina, and Falcon under the Repayment Agreements for Cash Call legacy liabilities owed to SPDC, NAOC, TEPNG, Mobil and Chevron. While MCA is an arrangement which allows the JVs to take responsibility for the E&P costs which are subsequently recovered by lifting crudes.

Table 32 shows the actual in-kind flows under the MCA production arrangements and Table 34 shows details of third-parties' project financing status as of 31 December 2019.

### **In-kind flows under Production Sharing Contract (PSC) operations**

The Federal Government holds the license under the PSC and is represented by NNPC. The government contracts a company to explore and produce oil and gas resources using the company's expertise, technology, human and capital resources. In return, the government guarantees the company a recovery of investment and a share of the associated profit when crude oil is sold. Table 33 shows the actual in-kind flows under the PSC production arrangements.

#### **2.3.2.6.1. NNPC In-kind Lifting from Modified Carried Agreement (MCA)**

The total inflow from the MCA projects was US\$476.194million. TEPNG accounted for the highest inflow with US\$411.901million (86%). Other MCA inflows included, Mobil, US\$21.584million (5%) and NAOC, US\$42.808million (9%), see table 32. There was no in-kind lifting from gas.

**TABLE 32: SUMMARY OF NNPC IN-KIND LIFTING FROM MCA IN 2019 (OIL)**

ENTITY	PPT		ROYALTY		EDT		Carry Oil		Share Oil		Total	
	mbbls	US\$'000	mbbls	US\$'000	mbbls	US\$'000	Mbbls	US\$'000	mbbls	US\$'000	mbbls	US\$'000
MOBIL	227.29	14,952.15	60.70	3,992.99	14.14	905.17	-	-	25.97	1,733.45	328.10	21,583.75
NAOC	444.45	29,109.54	130.72	8,561.63	13.76	877.19	8.04	543.18	56.63	3,716.62	653.60	42,808.15
TEPNG	4,525.74	285,345.53	1,208.61	76,201.98	188.39	11,800.00	375.80	23,563.53	234.48	14,991.56	6,533.00	411,902.60
Total	5,197.48	329,407.21	1,400.02	88,756.61	216.29	13,582.36	383.84	24,106.70	317.08	20,441.62	7,514.70	476,294.51

Source: NEITI 2019 Templates and NNPC Sales Profile

Of the US\$476.194million inflow from MCA crude oil lifted in 2019 by NNPC, US\$329.407million (69%) was for FIRS-PPT and US\$13.582million (3%) was for FIRS- EDT. Other inflows were US\$88.757million (19%) which was for DPR-Royalty, MCA carry-oil of US\$24.107million (5%) was to recover the cost of production and MCA share-oil of US\$20.442million (4%) was for profit from the MCA operations.

### 2.3.2.6.2. NNPC In-kind Lifting from PSC and SC

Total liftings from PSCs for in-kind payments was 68.970mmbbls valued at US\$4.480billion in 2019. These receipts were for tax oil (PPT), royalty, concession rentals, and Federation profit oil. Table 33 shows the summary of PSC and SC in-kind lifting by NNPC in 2019.

**TABLE 33: SUMMARY OF PSC AND SC IN-KIND LIFTING BY NNPC**

S/N	ENTITIES	FIRS		DPR		Federation Profit Oil				TOTAL	
		PPT	US\$ '000	ROYALTY	Concession Rent	Domestic (DSDP)		Export	Quantity	Value	%
						mbbls	US\$ '000				
1	Addax	2,802.51	180,578.86	-	-	-	-	-	2,802.51	180,578.86	4.03%
2	AENR-(SC)	519.72	33,832.58	349.50	-	-	-	17.15	886.37	58,321.13	1.30%
3	EEP(NOE)/EEP NL	13,657.75	908,509.74	3,494.87	0.15	-	-	951.44	18,104.21	1,192,432.68	26.62%
4	Equinor	6,802.01	422,138.14	0.50	-	973.74	61,011.75	-	7,776.25	483,181.70	10.78%
5	NAE	-	-	347.49	-	-	-	-	347.49	22,901.13	0.51%
6	Chevron Nigeria	-	-	400.00	-	-	-	974.40	1,374.40	84,741.81	1.89%
7	Star Deep	3,892.17	256,435.16	-	-	-	-	-	3,892.17	256,435.16	5.72%
8	TUPNI	2,943.06	191,521.04	-	-	-	-	-	2,943.06	191,521.04	4.27%
9	Enageed	-	-	80.00	-	-	-	-	80.00	4,347.28	0.10%
10	TEPNG	-	-	174.59	-	-	-	-	174.59	10,852.07	0.24%
11	SNEPCO	19,298.43	1,248,439.43	1,634.39	-	7,735.39	514,515.47	-	28,668.22	1,866,059.27	41.65%
12	SEPCO	-	-	1,719.85	0.40	-	26.63	200.00	1,920.25	128,889.98	2.88%
	Total	49,915.66	3,241,454.95	8,201.18	0.55	8,709.13	575,527.22	135,198.37	68,969.51	4,480,262.11	100.00%

Source: NEITI 2019 Templates and 2019 NNPC Sales Profile

From the in-kind lifting of 68.970mmbbls (valued at US\$4.480billion), FIRS-PPT was 49.916mmbbls (valued at US\$3.241billion) and DPR-Royalty was 8.201mmbbls (valued at US\$528.045million). Others included 55mmbbls (valued at US\$36.58thousand) for DPR-Concession rentals, 8.709mmbbls (valued at US\$575.527million) for Federation profit oil used for Domestic-DSDP and 2.143mmbbls (valued at US\$135.198million) was the portion of Federation Profit Oil used for export. These in-kind payments were deposited into each entity's designated bank account for onward transfer into the Federation Account.

### 2.3.2.6.3. Third-Party Facility Arrangement Status

Table 34 shows that the total amount of NNPC's share of outstanding debt principal was US\$3.516 billion in 2019. This was 37% higher than the outstanding balance in 2018 (US\$2.562 billion).

**TABLE 34: NNPC THIRD-PARTY FACILITY ARRANGEMENT STATUS AS AT 31ST DECEMBER 2019**

Project		Loan Amount US\$' Million	Draw-down US\$'M	Outstanding Drawdown US\$'M	Total Principal Repayment to date US\$'M	Outstanding Principal US\$'M	NNPC's Share of Outstanding Principal US\$'M		Incremental 2P Reserved to be Developed			Incremental Production		Gov't take (US\$' Billion)	Time of Financial Close		
							As of 31st December 2019	As of 31st December 2018	Oil (mmbbls)	Gas (Bscf)	Oil (Kbopd)	Gas (mmscfd)					
1	NNPC/MPNU JV - Satellite Fields Project	600.00	600.00	0.00	600.00	-	-	7.32	-	-	-	-	-	-	-	-	
2	NNPC/MPNU JV - 2012 RDP	1,500.00	1,500.00	0.00	1,492.50	7.50	4.50	18.00	-	-	-	-	-	-	-	-	
3	NNPC/MPNU JV - NGL	1,100.00	1,100.00	0.00	1,100.00	-	-	19.60	-	-	-	-	-	-	-	-	
4	NNPC/CNL JV - Project Cheetah	1,200.00	1,200.00	-	844.00	356.00	214.00	420.78	112.00	672.80	41.00	127.00	6.00	Oct-15			
5	NNPC/CNL JV - Project Falcon	780.00	779.83	0.17	127.18	652.65	391.59	451.44	211.00	1,900.00	39.00	283.00	7.30	Nov-17			
6	NNPC/SPDC JV - Santolina 1 & 2	1,000.00	588.00	412.00	31.00	557.00	325.00	147.57	266.20	403.80	61.20	215.00	9.00	Aug-17			
7	PXF 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	PXF 2	-	-	-	-	-	-	1,497,536	-	-	-	-	-	-	-	-	
9	NNPC / 1st E & P JV/ Schlumberger (Development of OML 83 & OML 85)	724.00					Schlumberger withdrew from loan arrangement. NNPC now carries 1 <sup>st</sup> E&P									5.80	Jun-18
10	NNPC/ SPDC JV - Santolina 3	500.00	139.00	60.90	49.00	19.50	17.00	2.33	60.9	49	19.5	17	2.33	Jun-19			
11	NLNG Prepayment for T1- T6 Upstream Gas Supply	2,500.00		2,500.00	-	2,500.00	2,500.00	-	N/A	N/A	N/A	N/A	N/A	Ongoing Project			
		9,904.00	5,906.83	3,273.17	4,194.68	4,073.15	3,515.71	2,562.24	-	-	-	-	-	-	-	-	

Source: NEITI 2019 Audit Templates, NNPC 2019 Third-Party Project Financing Profile and 2018 NEITI Report

In the 2018 NEITI Report, total payment for PXF 1 and 2 was US\$1.531billion as against a total sum of US\$2.078billion in the 2018 Audited Financial Statements (AFS) of NPDC. The variance was due to the timing difference of recognizing repayment in the books of the NAPIMS (the investment arm of NNPC) and the National Petroleum Development Corporation (NPDC, a subsidiary of NNPC) where the PXF projects were domiciled—this was adjusted in 2019. This was confirmed through the review of 2019 AFS of NPDC.

#### 2.3.2.6.4. Payments for Cash-call Liability and Related Statutory Payments

There were incremental production quantities that were used to offset part of the outstanding cash-call legacy liabilities in 2019. The incremental production quantities were from an understanding of the government (through the NNPC) with affected JV partners under the Repayment Agreement. A total of 20.570mmbbls crude oil was lifted valued at US\$1.354billion to pay the cash-call legacy liability in 2019; also 2.873mmbbls were lifted, valued at US\$190.070million, for royalty in-kind payment. See Table 35 and 36.

**TABLE 35: SUMMARY OF PAYMENTS FOR CASH-CALL LIABILITY AND RELATED STATUTORY PAYMENTS**

S/N	Company	Repayment Agreement		Royalty Payment	
		mmbbls	US\$'000	mmbbls	US\$'000
1	MOBIL	3,778.36	249,838.94	-	-
2	NAOC	2,554.10	168,353.43	-	-
3	TEPNG	3,088.23	193,644.20	537.75	33,903.86
4	NNPC/CHEVRON - Project Cheetah	6,571.15	441,792.84	1,400.00	90,899.60
5	NNPC/SPDC Project Santolina	4,577.79	300,824.47	935.00	65,266.07
	<b>TOTAL</b>	<b>20,569.63</b>	<b>1,354,453.89</b>	<b>2,872.75</b>	<b>190,069.53</b>

Source: NEITI 2019 Templates and 2019 NNPC Sales Profile

**TABLE 36: GAS: SUMMARY OF IN-KIND PAYMENTS FOR CASH-CALL LIABILITY AND RELATED STATUTORY PAYMENTS**

	MT'000	\$'000
Project Falcon	724	288,867

Source: NEITI 2019 Templates and 2019 NNPC Sales Profile

#### 2.3.3. Pricing of Federation Crude Oil

The Federation crude oil was sold to selected bidders who were successful in a competitive bidding process. The pricing and valuation are carried-out by the Crude Oil Marketing Division (COMD) using the Official Selling Price (OSP) and average dated Brent depending on the pricing options selected by the customers. The pricing options could be-prompt, deferred or advanced. The derived annual average selling price of Federation equity crude oil was US\$65.61/barrel. This was 9% lower than the average selling price in 2018 (US\$72.01). The price in January 2019 recorded the lowest monthly average of US\$59.75/barrel.



Figure 20 shows the monthly movement of the average selling price of federation crude oil.



**FIGURE 20: 2019 FEDERATION AVERAGE SELLING PRICE**

## 2.4. Gas Utilisation and Sales

The gas produced is utilised for either commercial or non-commercial purposes. Commercialized gas quantities are sold to third parties for monetary returns while non-commercial gas is re-injected into the production process of crude production. Gas flared and used as fuel are also part of the non-commercial gas.

### 2.4.1. Gas Utilisation

Total gas utilised was 3,047,507.32mmscf, which comprised of 165,501.63mmscf (6%) fuel gas, 809,156.59mmscf (27%) re-injected gas, 264,732.84mmscf (9%) flare gas, 1,573,245.76mmscf (52%) gas sold and 234,870.49mmscf (8%) as un-accounted gas (unaccounted gas is the quantities that companies cannot account for). Table 37 shows the summary of gas utilised in 2019.

**TABLE 37: 2019 GAS UTILISATION**

S/N	Company	Fuel mmscf	Re- injected mmscf	Flare mmscf	Sales mmscf	Unaccounted Gas mmscf	Total mmscf
1	APDNL	942.30	7,702.90	12,993.00	-	(368.07)	21,270.13
2	APENL	879.00	2,650.10	1,480.00	-	433.08	5,442.18
3	AENR	-	-	1,384.88	-	109.52	1,494.40
4	AITEO	254.60	-	5,877.91	6,786.24	0.03	12,918.78
5	AMNI	-	-	6,454.63	-	1,375.41	7,830.04
6	BELEMA OIL	151.76	-	3,253.46	-	368.24	3,773.46



S/N	Company	Fuel	Re- injected	Flare	Sales	Unaccounted Gas	Total
		mmscf	mmscf	mmscf	mmscf	mmscf	mmscf
7	BRITANIA U	-	-	65.21	-	174.96	240.17
8	CHEVERON	36,239.50	41,897.17	28,647.14	163,695.16	(14,521.84)	255,957.12
9	CHORUS ENERGY	-	-	1,689.60	-	(300.32)	1,389.28
10	CONTINENTAL	-	-	-	-	10,859.50	10,859.50
11	CONSOLIDATED	-	-	-	-	200.76	200.76
12	DUBRI OIL	15.83	-	1,281.34	-	0.00	1,297.17
13	ENAGEED	-	-	1,327.93	-	724.04	2,051.97
14	ENERGIA	-	-	5,359.63	1,976.26	0.01	7,335.90
15	EROTON	1,695.37	-	13,392.45	13,140.73	167.12	28,395.67
16	ESSO 133_ERHA	6,076.34	92,565.74	6,442.30	-	(617.42)	104,466.97
17	ESSO 138_USAN	4,181.04	27,931.24	8,728.15	-	1,638.52	42,478.95
18	EXPRESS	-	-	-	-	688.00	688.00
19	EXCEL	-	-	7.49	-	0.01	7.50
20	FRONTIER	131.32	-	24.52	32,066.76	(67.54)	32,155.06
21	GREEN ENERGY	-	-	991.60	-	661.07	1,652.67
22	MIDWESTERN	-	-	-	-	2,448.30	2,448.30
23	MILLENIUM OIL	-	-	-	-	511.30	511.30
24	MOBIL	35,865.38	296,706.61	40,831.16	-	34,871.12	408,274.27
25	MONIPULO	-	-	283.33	-	0.01	283.34
26	NAE	1,821.38	11,357.30	2,699.14	-	-	15,877.82
27	NAOC	20,792.58	12,920.30	15,493.39	233,754.06	5,924.99	288,885.33
28	NDPR	181.44	-	193.92	12,955.51	(0.81)	13,330.05
29	NEWCROSS	119.57	-	4,365.84	3,560.40	(1,447.27)	6,598.54
30	NECONDE	-	-	-	-	15,785.31	15,785.31
31	NETWORK	7.30	-	660.21	-	(0.04)	667.47
32	NPDC	-	-	18,973.32	-	151,098.85	170,072.17
33	ORIENTAL	1,165.21	-	897.74	-	3,488.25	5,551.20
34	PANOCEAN	-	-	-	-	8,586.04	8,586.04
35	PILLAR	49.53	-	280.69	-	0.02	330.24
36	PLATFORM	24.58	-	9,364.40	1,150.26	0.01	10,539.25
37	PRIME EXPLORATION	-	-	-	-	14.64	14.64
38	SGORL	200.73	-	8.28	-	(0.07)	208.94
39	SEPCO	2,144.02	-	29.93	-	(12.34)	2,161.61
40	SEPLAT	662.83	-	7,473.90	106,113.78	0.01	114,250.51
41	SNEPCO	4,297.42	-	1,054.02	38,870.61	(0.01)	44,222.04
42	SPDC	14,423.46	7,614.64	26,978.63	647,257.94	7,340.56	703,615.23
43	STAR DEEP	7,796.88	137,702.74	17,249.48	-	0.03	162,749.13
44	SUMMIT OIL	-	-	-	-	86.71	86.71
45	TEPNG	13,699.50	94,184.22	8,424.51	181,680.55	3,829.83	301,818.61
46	TUPNI (AKPO)	6,884.57	75,727.13	2,077.50	99,901.45	(0.05)	184,590.60
47	TUPNI (EGINA)	4,791.76	-	7,443.90	27,174.78	(0.05)	39,410.40
48	UNIVERSAL	6.44	-	538.84	-	74.29	619.57
49	WALTERSMITH	-	196.50	9.48	-	0.01	205.99
50	YINKA FOLAWIYO	-	-	-	3,161.28	745.76	3,907.04
	<b>TOTAL</b>	<b>165,501.63</b>	<b>809,156.59</b>	<b>264,732.84</b>	<b>1,573,245.76</b>	<b>234,870.49</b>	<b>3,047,507.32</b>

Source: NNPC 2019 Annual Production Profile  
NEITI 2019 Templates  
DPR 2019 signed-off Report

### 2.4.2. Federation Entitlement from Gas Sales

A total of eleven (11) JVs produced gas of 2,133,073.56mmscf. From the total JV gas produced, 1,355,988.86mmscf (64%) accounted for gas sales. These were the quantities of gas transferred to third parties in exchange for money. Table 38 presents the share of gas sales between the Federation and the JV partners.

**TABLE 38: FEDERATION ENTITLEMENT FROM JV GAS SALES**

S/N	Company	Share of Gas Sales		
		Sales	JV Partner	Federation
		mmscf	mmscf	mmscf
1	SPDC	647,257.94	355,991.87	291,266.07
2	AITEO	6,786.24	3,732.43	3,053.81
3	EROTON	13,140.73	7,227.40	5,913.33
4	NEWCROSS E&P	3,560.40	1,958.22	1,602.18
5	CHEVRON (CNL)	163,695.16	98,217.09	65,478.06
6	NAOC	233,754.06	140,252.44	93,501.62
7	TEPNG	181,680.55	109,008.33	72,672.22
8	SEPLAT	106,113.78	63,668.27	42,445.51
	Total	1,355,988.86	780,056.05	575,932.81

Source: NNPC 2019 Annual Production Profile  
NEITI 2019 Templates  
DPR 2019 signed-off Report

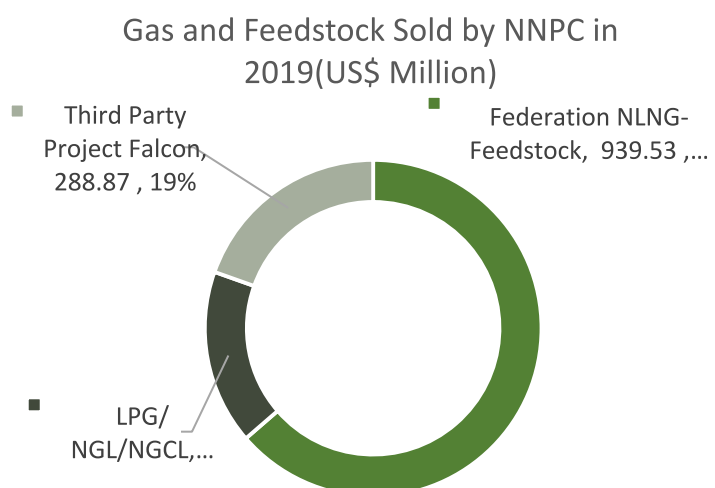
### 2.4.3. Sales of Gas and Feedstock

A total of US\$1.476billion (1,357mmt of gas and 621,188mBtu of feedstock) was the value of gas and Nigeria Liquefied Natural Gas (NLNG) feedstock sold by NNPC in 2019.

Of the US\$1.476billion sold in 2019, NLNG Feedstock was 64% (US\$939.533million). Furthermore, Liquid Petroleum Gas (LPG)/ natural gas liquids (NGL) export and NGL domestic accounted for 16% (US\$247.794million) while third-party Project Falcon under cash call repayment agreements was 20% (US\$288.867million). Figure 21 shows the aggregate of gas and feedstock sold by NNPC in 2019.

In addition to the US\$1.476billion sales made in 2019, US\$370.571million was available for distribution, with a breakdown as follows: US\$34.679million as undistributed from prior year balances, US\$93.454million as the receipt from prior year receivables and US\$242.438million as receipts from interest and other classified lodgments.

**FIGURE 21: GAS AND FEEDSTOCK SOLD BY NNPC IN 2019**



## 2.4.4. Gas and Feedstock Sales Proceeds

Table 39 shows the detailed analysis of total gas and feedstock sold by NNPC as US\$1.476billion (1,357mmt of gas and 621,188mBtu of NLNG feedstock) in 2019.

**TABLE 39: SUMMARY OF GAS AND FEEDSTOCK AND THE DESTINATION BANK ACCOUNTS**

S/N	NNPC Lifting on Behalf of:			2019	Analysis of Collections				Beneficiary Accounts					Oil	Project
	Quantity	Value	Cash Received	Others	Sales Receivable	JP Morgan Chase- Gas Revenue Account	JV Proceeds Account (Dollars Account)	JV Proceeds Account (US\$ Equivalent)	CBN NNPC Gas Naira Account (US\$ Equivalent)	FIRS Account	DPR Account	Company's Account	Falcon Account		
	mBtu/ MT'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
1	Feedstock Sales														
	621,188	939,533	698,924	165,930	74,679	698,924		-	-	44,704	10,484	94,632	-		
	Other Collections														
	-	-	90,748	-	-	90,748	-	-	-	-	-	-	-		
	Receipt from Interest and Other Classified Lodgments														
A	621,188	939,533	790,620	165,930	74,679	790,620	-	-	-	44,704	10,484	94,632	-		
	MT'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
3	Gas Sales														
	Federation Gas:														
	591	232,213	206,611	1,807	23,794	-	206,611	-	-	-	-	-	-		
	42	15,582	15,582		-	-	-	15,582	-	-	-	-	-		
	Other Collections														
	Undistributed prior balances														
	-	-	34,679	-	-	-	-	-	34,679	-	-	-	-		
	-	-	2,706	-	-	2,706	-	-	-	-	-	-	-		
	-	-	241,490	-	-	16,645	-	4,870	219,976	-	-	-	-		
4	724	288,867	288,867										288,867		
B	1,357	536,662	789,936	1,807	23,794	19,350	206,611	20,451	254,655	-	-	-	288,867		
		1,476,195	1,580,556	167,737	98,473	809,970	206,611	20,451	254,655	44,704	10,484	94,632	288,867		

Source: 2019 NNPC Sales Profile and NEITI 2019 Templates

## 2.4.5. Federation Gas Sales

Federation gas is the Federation's entitlement from the JV arrangements. The total amount of gas sales was US\$247.794 million in 2019. This was US\$59.409million (19.34% ) lower than that of 2018 (US\$307.203million). Table 40 shows the quarterly summary of Federation gas sales value and quantity for 2019 and 2018.

**TABLE 40: QUARTERLY SUMMARY OF EXPORT GAS SALES VALUE AND QUANTITY**

Description	2019	2018	% Quantity Change	2019	2018	% Value Change
	Quantity MT'000	Quantity MT'000		Value US\$'000	Value US\$'000	
LPG/NGL/ EGL/EGTL						
1st Quarter	206.70	243.95	-15.27%	86,330.08	113,693.45	-24.07%
2nd Quarter	169.83	143.11	18.67%	67,114.91	78,404.84	-14.40%
3rd Quarter	90.09	107.10	-15.88%	27,138.49	61,342.35	-55.76%
4th Quarter	166.22	139.39	19.25%	67,210.80	53,762.91	25.01%
Total	632.84	633.55	-0.11%	247,794.29	307,203.54	-19.34%

Source: NEITI 2019 Templates and NNPC Sales Profile

From the total sales of US\$247.794million, US\$206.611million (83.38% ) was deposited into the JV Proceeds Dollar Account while US\$15.582million (6.29% ) was deposited into the CBN/NNPC Gas Revenue Naira Account. The remainder includes US\$23.525million (9.60% ) as sales receivables and US\$1.807million (0.73%) to offset lifting deposit and credit notes.

Table 41 shows the monthly analysis of Federation gas sales proceeds and destination accounts in 2019.

**TABLE 41: 2019 MONTHLY ANALYSIS OF GAS SALES PROCEEDS AND DESTINATION ACCOUNTS**

2019	Monthly Reconciliation					Reasons for variance			
	Actual Sales		Cash Receipt		Variance	Lifting Deposit	Credit Note	Sales Receivables	Total
	Quantity	NNPC /COMD Sales Value	JV Proceeds Account	CBN/ NNPC Gas Revenue (Naira) Account					
Month of Sales	MT'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
January	88.83	38,886.03	35,859.02	2,527.01	500.00	-	-	-	500.00
February	37.00	15,441.41	12,497.00	2,868.11	76.30	76.30	-	-	76.30
March	80.87	32,002.64	27,728.49	3,391.35	882.79	882.79	-	-	882.79
April	66.69	26,875.31	23,321.99	3,221.99	331.34	331.34	-	-	331.34
May	27.13	13,414.38	13,414.38	-	(0.00)	-	-	-	-
June	76.01	26,825.21	26,825.21	-	-	-	-	-	-
July	7.00	1,967.21	-	1,967.21	-	-	-	-	-
August	53.09	11,290.88	9,684.78	1,606.10	-	-	-	-	-
September	30.00	13,880.40	13,880.40	-	-	-	-	-	-
October	96.78	37,795.38	37,778.63	-	16.75	-	16.75	-	16.75
November	29.44	5,890.86	5,621.44	-	269.42	-	-	269.42	269.42
December	40.00	23,524.57	-	-	23,524.57	-	-	23,524.57	23,524.57
<b>Total</b>	<b>632.84</b>	<b>247,794.29</b>	<b>206,611.34</b>	<b>15,581.78</b>	<b>25,601.17</b>	<b>500.00</b>	<b>1,307.18</b>	<b>23,793.99</b>	<b>25,601.17</b>

Source: NEITI 2019 Templates and NNPC 2019 Sales Profile

## 2.4.6. NLNG Feedstock Sales

The total amount of feedstock sales was US\$939.533 million in 2019. This was 18.87% lower than the amount recorded for 2018. Table 42 shows the quarterly summary of NLNG feedstock sales value and quantity. It also compares sales for 2018 and 2019.

**TABLE 42: QUARTERLY ANALYSIS OF FEEDSTOCK SALES VALUE AND QUANTITY**

Description	2019	2018	% Quantity Change	2019	2018	% Value Change
	Quantity mBtu	Quantity mBtu		Value US\$'000	Value US\$'000	
1st Quarter	160,921.52	191,910.04	-16.15%	275,429.48	302,845.35	-9.05%
2nd Quarter	140,582.39	164,646.71	-14.62%	212,528.78	263,420.93	-19.32%
3rd Quarter	169,761.89	166,515.93	1.95%	226,118.35	298,242.35	-24.18%
4th Quarter	149,922.12	162,655.81	-7.83%	225,456.64	293,570.38	-23.20%
Total	621,187.92	685,728.49	-9.41%	939,533.25	1,158,079.01	-18.87%

Source: NEITI 2019 Templates and NNPC Sales Profile

From the total sales of US\$939.533million, 74.39% (US\$698.924million) was deposited into JP Morgan Chase Gas Revenue Dollar Account. The remainder includes 7.95% (US\$74.679million) as sales receivables and 17.66% (US\$165.930million) transferred into MCA escrow and to offset credit notes and Niger Delta Petroleum Resources (NDPR) payments.

Table 43 shows the monthly analysis of federation feedstock sales proceeds and destination accounts in 2019.

TABLE 43: 2019 MONTHLY ANALYSIS OF NLNG FEEDSTOCK AND DESTINATION ACCOUNTS

2019	Monthly Reconciliation					Reasons for variance			
	Actual Sales		Cash Receipt		Variance	MCA Deductions	Credit Note/NDPR	Sales Receivable	Total
	Quantity	NNPC/COMD Sales Value	JP Morgan Chase Receipts	US\$'000					
Month of Sales	mBtu	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
January	58,361.79	102,120.59	85,363.48	16,757.11	15,822.80	934.32	-	-	16,757.11
February	44,725.19	74,879.51	62,138.09	12,741.42	11,038.78	1,702.63	-	-	12,741.42
March	57,834.53	98,429.37	63,725.99	34,703.39	18,760.21	15,943.18	-	-	34,703.39
April	55,854.54	96,862.81	77,898.90	18,963.91	16,262.57	2,701.34	-	-	18,963.91
May	42,459.70	58,290.88	49,514.80	8,776.08	8,154.16	621.92	-	-	8,776.08
June	42,268.15	57,375.10	48,368.78	9,006.31	8,372.04	634.27	-	-	9,006.31
July	54,999.43	80,367.98	62,724.46	17,643.51	12,584.03	5,059.48	-	-	17,643.51
August	60,294.13	74,447.15	56,328.87	18,118.28	18,118.28	-	-	-	18,118.28
September	54,468.32	71,303.23	57,820.13	13,483.10	11,364.22	2,118.88	-	-	13,483.10
October	55,347.36	81,300.85	76,754.17	4,546.67	4,530.61	16.06	-	-	4,546.67
November	46,130.06	69,476.63	58,286.46	11,190.17	3,244.02	7,946.15	-	-	11,190.17
December	48,444.70	74,679.16	-	74,679.16	-	-	74,679.16	-	74,679.16
Total	621,187.92	939,533.25	698,924.14	240,609.12	128,251.73	37,678.23	74,679.16	-	240,609.12

Source: NEITI 2019 Templates

NNPC 2019 Sales Profile

JP Morgan Chase crude oil and gas revenue account



Review of the JP Morgan Gas Revenue Dollar Account indicated that the total amount available for distribution was US\$809.970million. This was 20% lower than the inflow in 2018 (US1.008 billion). Table 44 shows the summary of transactions in the JP Morgan Gas Revenue Dollar Account.

**TABLE 44: SUMMARY OF JP MORGAN GAS REVENUE (DOLLAR) ACCOUNT**

Description	2019	2018
	US\$'000	US\$'000
Balance as at 1st January (A)	-	-
Lodgments:		
Gas & Feedstock Proceeds -Prior Year	93,453.61	71,909.07
Gas & Feedstock Proceeds- Current Year	715,568.68	906,855.78
Interest and Other Classified Lodgments	948.11	29,537.30
<b>Total Lodgment during the year (B)</b>	<b>809,970.40</b>	<b>1,008,302.15</b>
Total Inflow (A+B) = C	809,970.40	1,008,302.15
Payments:		
Direct Transfer to Federation Account	-	-
Transfer to Bank of International Settlement	809,970.40	1,008,302.15
Direct Transfer to JV Cash call Account	-	-
<b>Total Outflow (D)</b>	<b>809,970.40</b>	<b>1,008,302.15</b>
Balance as at 31st December	-	-

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
JP Morgan Chase gas revenue account

A total of US\$948.110 million was interest and other classified lodgments. Of this amount, US\$929.34million (98%) accounted for Natural Gas Liquids (NGL) price balance, see table 45. This balance is the Federation share from the net sales proceeds of gas under NGL third-party financing. The gross sales proceed is paid into a third-party account for repayment of principal and cost of financing.

**TABLE 45: INTEREST AND OTHER CLASSIFIED LODGMENTS**

Description	2019	2018
	US\$'000	US\$'000
Interest	12.62	8.42
Reconciliation	6.15	9,824.82
Others	-	4.31
NGL- Price Balance	929.34	-
N-Gas Re Takoradi GSA Trust Account	-	19,699.76
<b>Total</b>	<b>948.11</b>	<b>29,537.30</b>

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
JP Morgan Chase gas revenue account

## 2.4.7. Federation Domestic Gas Sales

The total amount in the CBN Naira account for domestic gas revenue was N89.799billion (N10.10billion as opening balance and N79.189billion as receipts in 2019). This was 24% lower than the inflows of N118.232billion in 2018. Table 46 shows the summary of the CBN/NNPC Domestic gas revenue (Naira) account.

**TABLE 46: SUMMARY OF CBN-NNPC DOMESTIC GAS REVENUE (NAIRA) ACCOUNT**

Description	2019	2018
	N'000	N'000
Balance as at 1st January (A)	10,609,788.62	7,570,748.04
Lodgments:		
Domestic NGMC Gas Proceeds- Prior Year	-	-
Export Gas Receipt	-	1,007,553.20
Interest and Other Classified Lodgments	67,299,141.66	109,631,828.48
Reversal	11,890,159.93	22,295.39
Total Lodgment during the year (B)	79,189,301.59	110,661,677
Total Inflow (A+B)=C	89,799,090.21	118,232,425.11
Payments:		
Payment to Federation Account	57,411,374.34	107,596,342.70
Payment to DPR Royalty Account	12,196,938.18	-
Payment to FIRS PPT Account	4,572,844.96	-
Payment to JV operators	-	-
Reversal	11,890,159.93	26,293.79
Total Outflow (D)	86,071,317.41	107,622,636.49
Balance as at 31st December	3,727,772.81	10,609,788.62

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
CBN-NNPC domestic gas revenue (naira) account

Interests and other classified lodgments were N67.299billion in 2019. This was 39% lower than the 2018 inflow of N109.632 billion. See Table 47 for the breakdown of inflow of N67.299billion.

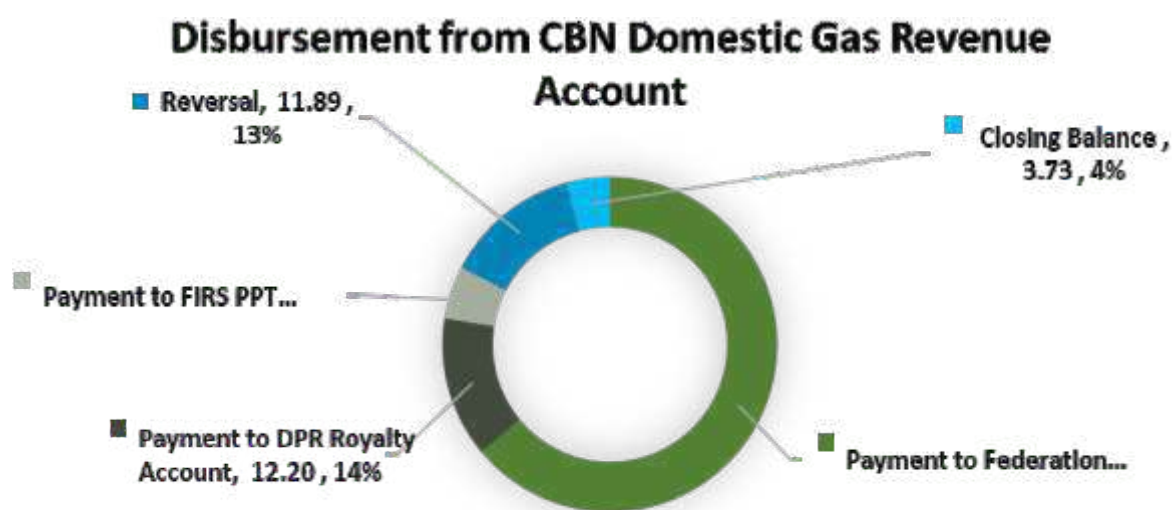
**TABLE 47: BREAKDOWN OF INTEREST AND OTHER CLASSIFIED LODGMENTS**

Description	2019	2018
	N'000	N'000
NGMC Receipt	46,401,737.45	93,542,245.61
Payment for gas supplied	1,538,060.65	-
NBET Payment Assurance Facility (PAF)	1,966,057.34	7,370,864.86
Gas Aggregation Company- Securities Operations	17,393,286.21	8,718,718.01
Total	67,299,141.66	109,631,828

Source: NEITI 2019 Templates  
NNPC 2019 Sales Profile  
CBN-NNPC domestic gas revenue (naira) account

NGMC receipt into CBN domestic gas account represents NNPC portion of what the producers sold to NGMC. NGMC sales represent the domestic gas purchased from the field operators (producers) of Gas - which is 100% of what was produced. The purchase value is paid for by NGMC and shared between the operators and NNPC based on the JV equity holding.

A total of N89.799billion was available for distribution. Of th is amount, N57.411billion (64%) was paid to the Federation Account and N12.197billion (14%) to the DPR royalty account. Furthermore, N4.573billion (5%) was paid to the FIRS PPT account, N11.890billion (13%) was for transaction reversals while N3.73billion (4%) as closing balance. Figure 22 shows the pattern of disbursement.

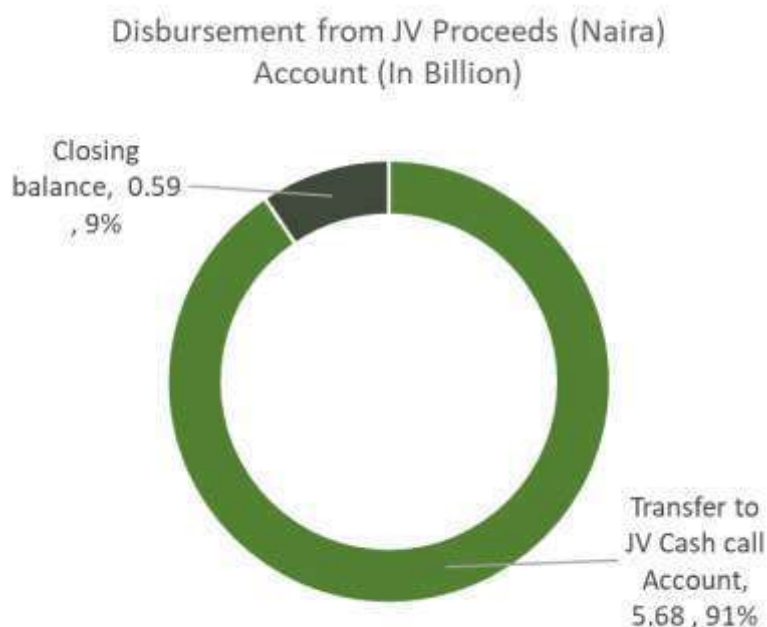


**FIGURE 22: PATTERN OF DISBURSEMENT FROM CBN DOMESTIC GAS REVENUE ACCOUNT**

In addition to the CBN Naira account for domestic gas revenue, gas receipt was deposited in JV proceeds Naira account. A JV proceeds' Naira bank account for Mobil Producing Nigeria Unlimited was operational in 2019.

Figure 23 shows the pattern of disbursement from the JV proceeds (Naira) account.

A total of N6.276billion was the inflow into the JV proceeds Naira account in 2019 from gas sales. Of this amount, N5.681billion (91%) was paid into the JV Cash Call funding account while N594.499million (9%) was closing balance.



**FIGURE 23: PATTERN OF DISBURSEMENT FROM JV PROCEEDS (NAIRA) ACCOUNT**

## CHAPTER 3

### 3. Revenue Collection

Revenue collected from the sector comprises income from the twenty-three (23) revenue streams identified in Chapter One. This section disaggregates total revenues received from the sale of Federation equity crude oil, gas and feedstock and profit oil. It also contains information on revenues from all non-financial transactions (in-kind PPT, EDT, concession rental and royalty) . Furthermore, it includes sector-specific revenue streams along with collections by other government entities.

#### 3.1. Total Collection from the Sector

The total collection from the sector in 2019 was US\$ 34.218billion, as presented in Table 48. From the total collection, 98.03% (US\$33.543billion) was reconciled, while 1.97% (US\$675.549million) was unilaterally disclosed.

**TABLE 48: AGGREGATED COLLECTION FROM THE SECTOR**

Description	2019 US\$ 000	2018 US\$ 000	% Change
<b>SALES OF FEDERATION CRUDE OIL AND GAS</b>			
Proceeds from the sales of Federation equity crude oil	14,806,880	10,228,357	45%
Proceeds from the sales of domestic crude oil	2,685,384	6,322,087	-58%
Proceeds from the sales of profit oil	709,624	121,687	483%
Proceeds from the sales of Federation equity gas	641,001	589,220	9%
Proceeds from the sales of Feedstock	864,854	1,286,938	-33%
<b>Total Sales of Federation Crude Oil and Gas (i)</b>	<b>19,707,743</b>	<b>18,548,289</b>	<b>6%</b>
<b>*PSCs / MCAs In-Kind Payments</b>			
Petroleum Profit Tax - MCAs	329,407	863,989	-62%
Petroleum Profit Tax - PSCs	3,241,455	1,378,130	135%
Company Income Tax (CIT) Gas- MCAs	-	39,825	-100%
Royalty (Oil) - MCAs & RA	278,826	231,759	20%
Royalty (Oil) - PSCs	528,045	18,950	2687%
EDT Gas- MCA	-	1,977	-100%
EDT Oil- MCA	13,582	9,455	44%
Concession rentals- PSCs	37	95	-61%
<b>Total PSCs / MCAs/ Other financial flows in-Kind Payments (ii)</b>	<b>4,391,352</b>	<b>2,544,180</b>	<b>73%</b>
<b>Subtotal (A)=(i)-(ii)</b>	<b>15,316,391</b>	<b>16,004,109</b>	<b>-4%</b>

Description	2019 US\$ 000	2018 US\$ 000	% Change
<b>Other Specific Financial Flows to the Government</b>			
Petroleum Profit Tax	6,784,862	6,927,131	-2%
Royalty (Oil)	4,513,417	3,595,449	26%
Royalty (Gas)	126,777	182,663	-31%
Flare Gas Payment (FGP)	307,591	15,400	1897%
Concession Rentals	2,658	2,264	17%
Miscellaneous Income	308,640	393,489	-22%
Transportation Revenue	455,152	423,988	7%
Signature Bonus & License Renewal	925,181	1,141,514	-19%
<b>Total Other Specific Financial Flows to Government (iii)</b>	<b>13,424,278</b>	<b>12,681,898</b>	<b>6%</b>
<b>Other Flows to Government</b>			
Company Income Tax	1,167,980	219,828	431%
Value Added Tax	1,195,367	762,946	57%
Dividend from NLNG	915,646	904,499	1%
Pay as You Earn	293,163	48,496	505%
Capital Gain Tax	4,400	36	12123%
Withholding Tax	625,581	697,190	-10%
Education Tax	423,586	426,597	-1%
<b>Total Other Flows to Government (iv)</b>	<b>4,625,723</b>	<b>3,059,592</b>	<b>51%</b>
<b>Subtotal (B)=(iii)+(iv)</b>	<b>18,050,001</b>	<b>15,741,490</b>	<b>15%</b>
<b>Flows to other Entities</b>			
Niger Delta Development Commission (NDDC) 3% Levy	721,275	683,383	6%
Nigerian Content Development and Monitoring Board (NCDMB) Levy	94,319	160,010	-41%
NESS Fee	36,495	37,043	-1%
<b>Subtotal (C)</b>	<b>852,089</b>	<b>880,436</b>	<b>-3%</b>
<b>Grand Total (A)+(B)+ (C)</b>	<b>34,218,481</b>	<b>32,626,035</b>	<b>5%</b>

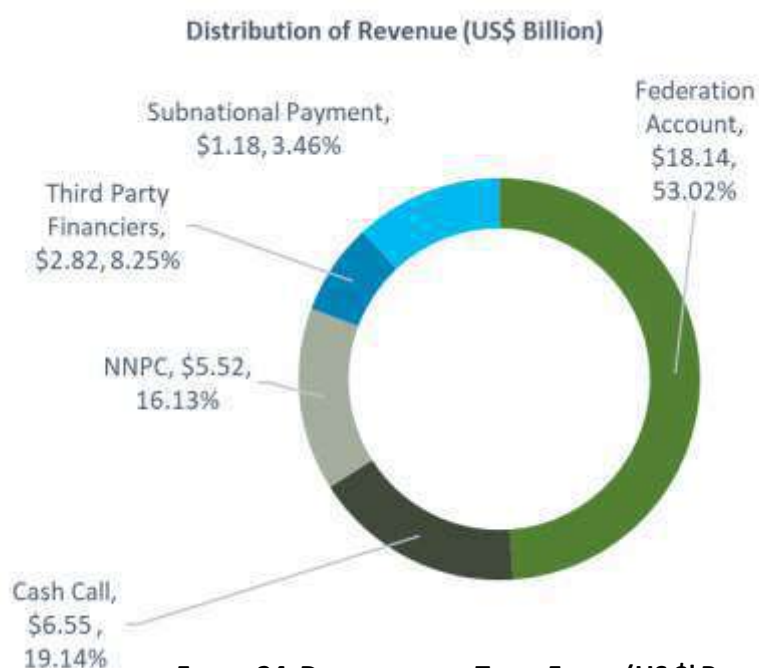
Source: NEITI 2019 Templates  
Bank Statements  
NNPC 2019 Sales Profile

NB: US\$ 14.807 billion represented as proceeds from the sales of Federation equity crude oil comprised of US\$1.249billion prior year balance, US\$2.268billion receipts from prior year receivables and US\$3.068billion Federation export (i.e., US\$3.615billion total Federation sales in 2019 less US\$413.093million sales receivables and US\$134.097million profit oil in Federation export crude oil). Furthermore, it includes US\$1.407billion (i.e., US\$1.982billion other deductions from domestic crude oil less US\$575.527million profit oil in Federation domestic crude oil allocation), US\$3.241billion FIRS in-kind, US\$718.151million DPR in-kind, US\$1.831billion MCA/ 3<sup>rd</sup> parties financing and US\$1.024billion Egina trail marketing crude oil.

### 3.2. Distribution of Revenue Collected from the Sector

Out of the US\$34.218billion total government revenue from the sector: US\$18.14billion (53.02%) was transferred into the Federation Account, US\$6.55billion (19.14%) into the Cash-call account and US\$5.52billion (16.13%) into NNPC designated accounts. Furthermore, US\$2.82billion (8.25%) was transferred into third parties' project financing accounts while US\$1.18billion (3.46%) were subnational payment.

Subnational payments are made to State IRS, NDDC, Nigerian Content Development and Monitoring Board (NCDMB) and FMFBNP. In addition to US\$5.52billion in NNPC designated accounts, US\$229.49million (N70.21billion) was downstream deductions on prior-year domestic sales.



**FIGURE 24: DESTINATION OF TOTAL FLOWS (US \$' BILLION)**

This gave a total of US\$5.75billion in the designated account. Of this amount, US\$515.34million (8.97%) was undistributed and US\$2.21billion (38.48%) was the downstream deduction. Also, US\$1.98billion (34.52%) was for statutory payments, while US\$915.65million (15.93%) was the dividend received from NLNG and US\$120.81million (2.10%) was transportation revenue. Statutory deductions are payments to FIRS and DPR for crude oil lifted and sold by NNPC and sinking fund for pre-export financing and credit notes offset. Figure 24 shows revenue distribution within the Federation in 2019.

### 3.3. Ten-Year Trend of Total Financial Flows

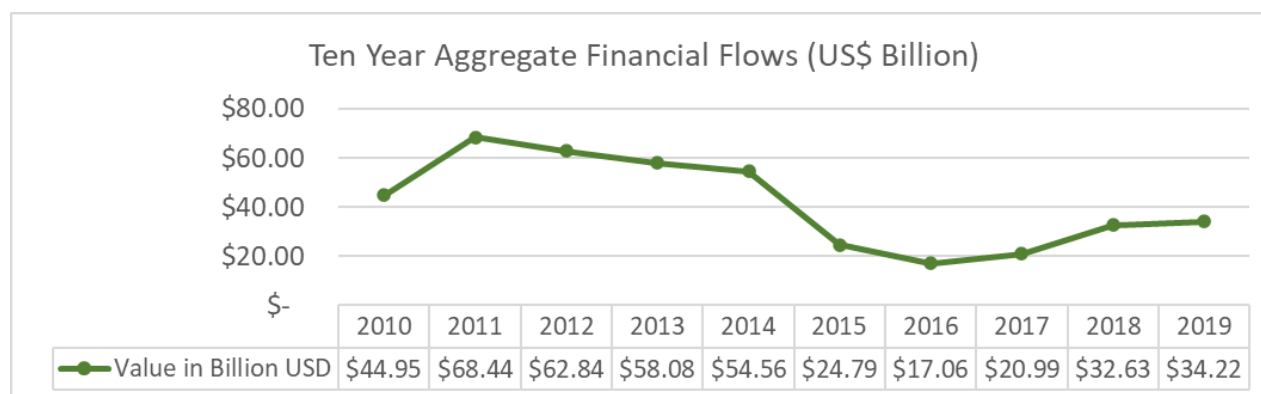
A total of US\$34.218billion receipt was realised by the Federation in 2019. This was 4.88% higher than the receipt in 2018. Table 49 shows the trend of total financial flows from 2010 to 2019.

**TABLE 49: TEN-YEAR AGGREGATE FINANCIAL FLOWS**

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B	US\$' B
Total	44.945	68.442	62.844	58.080	54.555	24.791	17.055	20.988	32.626	34.218	418.544
Change (\$' billion)		23.497	(5.598)	(4.764)	(3.525)	(29.764)	(7.736)	3.933	11.638	1.592	-
% Change		52.28%	-8.18%	-7.58%	-6.07%	-54.56%	-31.20%	23.06%	55.45%	4.88%	

Source: 2010-2018 NEITI Reports and NEITI 2019 Templates

Figure 25 shows that, for the ten years under review, the highest receipts (US\$68.442 billion) was recorded in 2011 with a sharp decline to US\$17.055billion in 2016. Subsequent years witnessed increases in receipts.



**FIGURE 25: TEN -YEAR AGGREGATE FINANCIAL FLOWS**

**Table 50: Revenues From 2015 to 2019**

Description	2015 US\$'000	2016 US\$'000	2017 US\$'000	2018 US\$'000	2019 US\$'000
<b>Sale of Federation Crude Oil and Gas</b>					
Crude Oil Sales	15,372,332.00	9,876,953.00	13,176,813.51	16,672,130.33	18,201,887.76
Gas Sales	1,352,515.00	1,051,994.00	1,323,517.24	1,876,157.80	1,505,854.88
<b>Subtotal- Sales of Crude Oil and Gas</b>	<b>16,724,847.00</b>	<b>10,928,947.00</b>	<b>14,500,330.75</b>	<b>18,548,288.13</b>	<b>19,707,742.64</b>
<b>Less: PSCs/MCAs in Kind Payments</b>					
Petroleum Profit Tax - PSCs/MCAs	2,956,542.00	2,460,447.00	3,574,387.15	2,242,119.69	3,570,862.17
Royalty (Oil) - PSCs/MCAs	1,097,705.00	464,583.00	669,553.48	250,708.95	806,871.12
MCA Gas CIT/EDT	16,831.00	22,764.00	48,562.66	39,824.81	-
MCA Royalty (Gas)	3,649.00	5,287.00	11,628.72	1,977.07	-
Concession Rental	138.00	115.00	181.54	95.19	36.58



Description	2015 US\$'000	2016 US\$'000	2017 US\$'000	2018 US\$'000	2019 US\$'000
MCA Oil EDT	-	-	7,035.74	9,454.89	13,582.36
<b>Total - PSCs/MCAs In- Kind Payment</b>	<b>4,074,865.00</b>	<b>2,953,196.00</b>	<b>4,311,349.29</b>	<b>2,544,180.60</b>	<b>4,391,352.22</b>
<b>Sub-Total (A)</b>	<b>12,649,982.00</b>	<b>7,975,751.00</b>	<b>10,188,981.46</b>	<b>16,004,107.53</b>	<b>15,316,390.42</b>
<b>Other Sector Specific Financial Flows</b>					
Petroleum Profit Tax	5,389,868.00	4,216,908.00	5,047,573.68	6,927,130.98	6,784,862.15
Royalty (Oil)	2,784,534.00	1,577,040.00	2,187,709.48	3,595,448.54	4,513,416.96
Royalty (Gas)	107,160.00	66,078.00	113,756.68	182,663.19	126,776.98
Signature Bonus	902,720.00	-	156,765.11	1,141,514.21	925,180.72
Flare Gas Payment	12,683.00	8,799.00	6,553.24	15,399.88	307,590.84
Concession Rental	1,006.00	824.00	1,163.46	2,263.95	2,658.14
Miscellaneous Income	-	-	-	393,488.95	308,640.15
Transportation Revenue	24,610.00	2,529.00	99,475.48	423,988.42	455,152.20
<b>Total- Other Sector Specific Financial Flows</b>	<b>9,197,971.00</b>	<b>5,869,649.00</b>	<b>7,513,521.65</b>	<b>12,681,898.11</b>	<b>13,424,278.13</b>
<b>Other Flows to Government</b>					
Companies Income Tax	603,499.00	314,846.00	268,776.20	219,827.88	1,167,980.20
Value Added Tax	-	563,801.00	548,931.77	762,946.35	1,195,366.93
Capital Gains Tax	-	176,516.00	519.50	35.77	4,400.44
<b>Total- Other Flows to Government</b>	<b>603,499.00</b>	<b>1,055,163.00</b>	<b>818,227.47</b>	<b>982,810.00</b>	<b>2,367,747.57</b>
<b>Sub-Total (B)</b>	<b>9,801,470.00</b>	<b>6,924,812.00</b>	<b>8,331,749.12</b>	<b>13,664,708.11</b>	<b>15,792,025.71</b>
<b>Total Flows to Government ( C )=(A+B)</b>	<b>22,451,452.00</b>	<b>14,900,563.00</b>	<b>18,520,730.58</b>	<b>29,668,815.64</b>	<b>31,108,416.12</b>
<b>Other Flows Federal &amp; State Government</b>					
NLNG Dividends & Loan Repayment	1,076,012.00	390,234.00	833,734.75	904,498.50	915,645.70
Pay as You Earn	-	41,210.00	4,940.59	48,496.01	293,162.62
Withholding Tax	-	763,936.00	573,930.15	697,190.31	625,581.13
<b>Total Other Flows (D)</b>	<b>1,076,012.00</b>	<b>1,195,380.00</b>	<b>1,412,605.49</b>	<b>1,650,184.82</b>	<b>1,834,389.45</b>
<b>Flows to other Government entities</b>					
NDDC 3% Levy	387,621.00	492,066.00	545,328.07	683,383.33	721,274.84
Education Tax	667,770.00	317,853.00	286,575.03	426,596.90	423,585.68
NCDMB 1% Levy	135,828.00	129,403.00	99,609.25	160,010.09	94,318.93
NESS Fee	47,504.00	16,805.00	24,111.60	37,043.08	36,494.67
<b>Total Flows to other Government entities (E)</b>	<b>1,238,723.00</b>	<b>956,127.00</b>	<b>955,623.95</b>	<b>1,307,033.40</b>	<b>1,275,674.12</b>
<b>Grand Total (F)= (C + D + E)</b>	<b>24,766,187.00</b>	<b>17,052,070.00</b>	<b>20,888,960.02</b>	<b>32,626,033.86</b>	<b>34,218,479.69</b>
Change (US\$' 000)	-	(7,714,117.00)	3,836,890.02	11,737,073.84	1,592,445.83
% Change		-31.15%	22.50%	56.19%	4.88%

Source: 2016-2018 NEITI Reports and NEITI 2019 Templates

### 3.4. Company Level Flows

The total company level financial flow stood at US\$18.902billion, as presented in table 51.

#### 3.4.1. Reconciliation of Company Flows

The IA arrived at the reconciled position after reconciling companies' and government's records. The initial templates returned by the companies were validated against source documents. Subsequently, the validated records from companies were reconciled with those of the government before necessary adjustments were made.

The NSWG agreed that all data shall be disaggregated by individual project (where possible), company, government entity and revenue stream. In defining a 'project', Requirement 4.7 requires that the NSWG agrees a definition consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements. The NSWG, noted the consistency in these definitions, recognizing the legal agreement(s) governing extractive activities between the government and companies that give rise to payment liabilities to the government, as a project.

Consequently, NSWG defined a "project" in the context of EITI reporting to mean any operational activity(s) that are governed by a single license, contract, agreement and/or any other similar legal document and form the basis for payment of liabilities with the government. These activities can be governed by an Oil Prospecting License (OPL) or Oil Mining License (OML). Where activities relating to one or more OPLs and/or OMLs are substantially interconnected and are governed by a single joint operating agreement, production sharing contract, service contract or other similar agreement, they may be treated as a single project.

The NSWG resolved that all data will be disaggregated per individual project, company, government entity and revenue stream. Table 51 shows the breakdown of revenues collected from the companies. This indicates revenues that are assessed and paid per company or per license. A total of twenty-three (23) revenue streams were identified in 2019, of which, nineteen (19) were fully reconciled while four (4) streams - Nigerian Export Supervision Scheme (NESS) Fee, Withholding Tax, Pay as You Earn and Miscellaneous income was unilaterally disclosed per the relevant NSWG decision. Furthermore, revenues from royalty (oil), royalty (gas), concession rental, flare gas payment and signature bonus/license renewals were reported on license basis while other revenues are reported on company basis.

Of the US\$18.902billion from eighty-one (81) oil and gas companies, JV accounted for US\$5.928billion (31.36%) and PSC was US\$5.317billion (28.13%). Others are US\$3.592billion (19.00%) from SR & MF, US\$56.75million (03.00%) from Service Contract and US\$4.008billion (21.21%) from miscellaneous income and statutory payments by NLNG and NNPC.

**TABLE 51: BREAKDOWN OF FLOWS COLLECTED FROM THE COMPANIES**

Description	PPT	Royalty (Oil)	Royalty (Gas)	CIT	EDT	Concession Rental	NDDC	NCDMB	Flare Gas Payment	NLNG	CGT	VAT	Signature Bonus & License Renewal	Transportation Fees	NESS Fees	WHT	PAYE	Miscellaneous Income	Total
Joint Venture	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Per license																			
18	-	42.32	0.74	-	-	-	-	-	0.20	-	-	-	27.77	-	-	-	-	-	71.03
24	-	85.81	0.09	-	-	0.02	-	-	2.11	-	-	-	4.80	-	-	-	-	-	92.83
29	-	103.86	-	-	-	0.03	-	-	-	-	-	-	35.01	-	-	-	-	-	138.90
4, 38, 41 & 53	-	96.55	10.50	-	-	0.06	-	-	5.39	-	-	-	3.73	-	-	-	-	-	116.23
55	-	18.89	-	-	-	0.02	-	-	0.44	-	-	-	-	-	-	-	-	-	19.35
11, 17, 20- 23, 25, 27, 28, 32, 35, 40, 41, 43, 45, 46	-	357.13	21.09	-	-	0.24	-	-	18.05	-	-	-	-	-	-	-	-	-	396.50
49, 86, 90, 91 & 95	-	411.38	16.39	-	-	0.60	-	-	28.08	-	-	-	-	-	-	-	-	-	456.44
58, 99, 100, 102	-	455.56	15.85	-	-	0.03	-	-	14.51	-	-	-	-	-	-	-	-	-	485.95
67, 68, 70 & 104	-	513.91	10.07	-	-	0.39	-	-	51.38	-	-	-	15.02	-	-	-	-	-	590.78
98	-	2.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.00
<b>Subtotal- Per License</b>	-	<b>2,087.42</b>	<b>74.72</b>	-	-	<b>1.39</b>	-	-	<b>120.15</b>	-	-	-	<b>86.33</b>	-	-	-	-	-	<b>2,370.02</b>
<b>Per Company</b>																			
Alteo	-	-	-	-	-	-	2.11	2.15	-	-	-	6.91	-	-	0.39	5.34	6.85	-	23.74
Belema	-	-	-	-	-	-	4.45	3.54	-	-	-	0.01	-	-	-	0.53	0.31	-	8.85
Chevron	79.84	-	-	96.10	22.95	-	17.59	7.97	-	-	-	61.55	-	33.51	2.12	70.93	111.79	-	504.35
Erondon E & P	3.84	-	-	1.86	0.86	-	3.60	0.24	-	-	-	8.85	-	-	0.34	8.05	3.27	-	30.90
Mobil	828.23	-	-	-	30.50	-	87.52	17.33	-	-	-	162.04	-	-	8.67	-	-	-	1,134.29
Newcross E&P	24	0.45	-	0.11	0.01	-	0.12	-	-	-	0.07	1.34	-	-	-	1.25	1.69	-	5.02
PanOcean	98	0.05	-	-	-	-	-	-	-	-	-	0.08	-	-	-	-	-	-	0.13
Seplat	4, 38, 41 & 53	-	-	-	3.38	-	4.45	2.93	-	-	-	15.90	-	-	0.57	17.61	12.93	-	57.76
SPDC	11, 17, 20- 23, 25, 27, 28, 32, 35, 40, 41, 43, 45, 46	247.80	-	126.92	20.09	-	64.89	14.22	-	-	-	78.28	-	421.64	1.63	76.83	64.87	-	1,117.17
Total E&P	58, 99, 100, 102	524.37	-	16.39	41.11	-	31.15	4.38	-	-	-	22.98	-	-	2.11	33.30	-	-	675.79
<b>Subtotal- Per Company</b>		<b>1,684.57</b>	-	<b>241.37</b>	<b>118.89</b>	-	<b>215.87</b>	<b>52.75</b>	-	-	<b>0.07</b>	<b>357.94</b>	-	<b>455.15</b>	<b>15.83</b>	<b>213.83</b>	<b>201.71</b>	-	<b>3,557.99</b>
<b>Total- JV</b>		<b>1,684.57</b>	<b>2,087.42</b>	<b>241.37</b>	<b>118.89</b>	<b>1.39</b>	<b>215.87</b>	<b>52.75</b>	<b>120.15</b>	-	<b>0.07</b>	<b>357.94</b>	<b>86.33</b>	<b>455.15</b>	<b>15.83</b>	<b>213.83</b>	<b>201.71</b>	-	<b>5,928.01</b>

Description	PPT	Royalty (Oil)	Royalty (Gas)	CIT	EDT	Concession Rental	NDDC	NCDMB	Flare Gas Payment	NLNG	CGT	VAT	Signature Bonus & License Renewal	Transportation Fees	NESS Fees	WHT	PAYE	Miscellaneous Income	Total
<b>Production Sharing Contract</b>																			
118	SNEPCO	-	-	-	-	-	0.03	-	2.27	-	-	-	-	-	-	-	-	-	121.36
123 & 124	Addax PDNL	-	-	-	-	-	-	-	33.50	-	-	-	-	-	-	-	-	-	33.50
125	NAE	45.80	-	-	-	-	0.03	-	1.84	-	-	-	-	-	-	-	-	-	47.67
126	Addax PENL	-	-	-	-	-	-	-	1.47	-	-	-	-	-	-	-	-	-	1.47
127 & 128	Star Deep	-	-	-	-	-	0.04	-	61.26	-	-	-	-	-	-	-	-	-	61.31
127	Petrobras (Prime127)	2.92	0.06	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	-	3.03
130	South Atlantic	-	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	-	-	0.03
130	Total	-	1.71	-	-	-	-	-	11.79	-	-	-	-	-	-	-	-	-	13.50
133	Upstream	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	Esso E&P	37.45	-	-	-	-	-	-	12.85	-	-	-	-	-	-	-	-	-	50.30
138	Esso E&P (OE)	184.45	-	-	-	-	-	-	21.97	-	-	-	-	-	-	-	-	-	206.42
143	Sterling Oil	128.93	-	-	-	0.02	-	-	0.15	-	-	-	-	-	-	-	-	-	129.10
146	Sterling Global	-	-	-	-	0.00	-	-	0.02	-	-	-	-	-	-	-	-	-	0.02
148	Enageed	7.67	-	-	-	0.02	-	-	0.22	-	-	-	-	-	-	-	-	-	7.91
OML 154	Esso	-	-	-	-	-	-	-	-	-	-	-	5.50	-	-	-	-	-	5.50
Exploration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal- Per License</b>		<b>526.28</b>	<b>1.77</b>	-	-	<b>0.16</b>	-	-	<b>147.41</b>	-	-	-	<b>5.50</b>	-	-	-	-	-	<b>681.13</b>
Addax PDNL	123 & 124	285.92	-	-	5.61	-	15.78	1.14	-	-	-	6.55	-	-	0.36	1.48	3.53	-	320.37
Addax PENL	126	52.98	-	-	3.05	-	2.05	0.31	-	-	-	1.97	-	-	0.11	-	-	-	60.47
CNOOC	130	-	-	0.14	6.92	-	23.40	0.00	-	-	-	0.07	-	-	2.66	0.12	0.25	-	33.56
Enageed	148	-	-	-	-	-	218.95	0.19	-	-	-	0.85	-	-	0.06	-	0.36	-	220.41
Equinor	128	657.66	-	-	33.59	-	8.01	0.03	-	-	-	0.13	-	-	0.44	0.12	0.37	-	700.35
Esso E&P (OE)	138	908.51	-	-	29.46	-	6.07	0.88	-	-	-	4.39	-	-	0.45	-	-	-	949.76
Esso E&P	133	-	-	-	54.23	-	12.36	1.77	-	-	-	8.48	-	-	1.94	-	-	-	78.77
Famfa	127	359.32	-	-	19.69	-	-	-	-	-	-	0.01	-	-	0.29	0.10	0.73	-	380.14
NAE	125	-	-	-	2.46	-	9.92	1.72	-	-	4.33	8.61	-	-	0.81	10.06	1.23	-	39.15
Sterling Oil	143	-	-	-	-	-	21.74	0.91	-	-	-	1.27	-	-	0.73	1.20	0.46	-	26.30
Sterling Global	146	-	-	-	-	-	-	-	-	-	-	0.13	-	-	0.12	0.10	0.21	-	0.55
SNEPCO	118	367.26	-	-	65.44	-	32.97	4.53	-	-	-	24.79	-	-	1.37	23.82	16.00	-	536.18
South Atlantic	130	-	-	-	2.92	-	-	-	-	-	-	0.48	-	-	0.51	0.87	1.02	-	5.81
Star Deep	127 & 128	790.28	-	-	29.25	-	15.36	4.14	-	-	-	19.74	-	-	2.46	22.93	-	-	884.17
Texaco	127 & 128	-	-	-	-	-	0.37	0.00	-	-	-	0.03	-	-	0.38	0.03	-	-	0.81
Total Upstream	130	191.52	-	5.35	22.95	-	58.25	10.31	-	-	-	50.28	-	-	1.43	59.07	-	-	399.16
<b>Subtotal- Per Company</b>		<b>3,613.45</b>	-	<b>5.49</b>	<b>275.58</b>	-	<b>425.25</b>	<b>25.94</b>	-	-	<b>4.33</b>	<b>127.77</b>	-	-	<b>14.11</b>	<b>119.88</b>	<b>24.17</b>	-	<b>4,635.97</b>
<b>Total- PSC</b>		<b>3,613.45</b>	<b>526.28</b>	<b>1.77</b>	<b>5.49</b>	<b>275.58</b>	<b>0.16</b>	<b>25.94</b>	<b>147.41</b>	-	<b>4.33</b>	<b>127.77</b>	<b>5.50</b>	-	<b>14.11</b>	<b>119.88</b>	<b>24.17</b>	-	<b>5,317.10</b>

Description	PPT	Royalty (Oil)	Royalty (Gas)	CIT	EDT	Concession Rental	NDDC	NCDMB	Flare Gas Payment	NLNG	CGT	VAT	Signature Bonus & License Renewal	Transportation Fees	NESS Fees	WHT	PAYE	Miscellaneous Income	Total
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Sole Risk and Marginal Field</b>																			
11																			
Green Energy	-	3.17	-	-	-	-	-	-	0.68	-	-	-	0.60	-	-	-	-	-	4.45
11																			
Millenium	-	0.04	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.05
13																			
Network E&P	-	1.46	-	-	-	-	-	-	0.41	-	-	-	0.50	-	-	-	-	-	2.37
13																			
Frontier	-	0.04	2.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.17
14																			
Universal	-	1.52	-	-	-	-	-	-	0.30	-	-	-	1.00	-	-	-	-	-	2.83
16																			
Waltersmith	-	3.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.53
26																			
FHN	-	21.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.80
30																			
Shoreline	-	70.36	-	-	-	0.08	-	-	-	-	-	-	44.52	-	-	-	-	-	114.96
34																			
ND Western	-	3.50	8.16	-	-	-	-	-	-	-	-	-	26.52	-	-	-	-	-	38.17
38																			
Platform	-	3.36	-	-	-	-	-	-	4.17	-	-	-	-	-	-	-	-	-	7.53
42																			
Neconde	-	69.36	-	-	-	-	-	-	-	-	-	-	29.64	-	-	-	-	-	98.99
46																			
Excel E & P Limited	-	0.07	-	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	0.08
54																			
NDPR	-	3.64	1.85	-	-	-	-	-	0.08	-	-	-	-	-	-	-	-	-	5.57
56																			
Pillar	-	1.97	-	-	-	-	-	-	0.20	-	-	-	0.30	-	-	-	-	-	2.47
56																			
Energia	-	3.23	0.13	-	-	-	-	-	2.01	-	-	-	-	-	-	-	-	-	5.38
56																			
Chorus	-	0.10	-	-	-	-	-	-	0.17	-	-	-	-	-	-	-	-	-	0.28
56																			
Midwestern	-	41.09	-	-	-	-	-	-	0.07	-	-	-	-	-	-	-	-	-	41.16
59																			
Conoil	-	107.74	-	-	-	0.04	-	-	0.04	-	-	-	10.00	-	-	-	-	-	117.82
59																			
Continental	-	-	25.00	-	-	-	-	-	7.00	-	-	-	-	-	-	-	-	-	32.00
(61, 62, 63, 64-NAOC), (119-AENR), (4,38,41- Seplat), 65 , 111	-	543.58	-	-	-	0.10	-	-	11.49	-	-	-	551.37	-	-	-	-	-	1,106.53
60 & 63																			
NAOC	-	131.49	12.35	-	-	-	-	-	7.89	-	-	-	-	-	-	-	-	-	151.73
60 & 63																			
Oando	-	63.73	0.65	-	-	-	-	-	-	-	-	-	20.94	-	-	-	-	-	85.32
67																			
Oriental	-	33.55	-	-	-	0.03	-	-	1.82	-	-	-	0.60	-	-	-	-	-	36.00
90																			
Brittania-U	-	1.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.94
96																			
Dubri	-	1.20	-	-	-	-	-	-	0.06	-	-	-	-	-	-	-	-	-	1.26
109																			
Atlas PNL	-	1.22	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	1.24
113																			
Yinka Fola	-	5.77	-	-	-	0.01	-	-	0.98	-	-	-	0.50	-	-	-	-	-	7.26
114																			
Folawiyo	-	10.87	-	-	-	0.03	-	-	0.16	-	-	-	4.00	-	-	-	-	-	15.06
112 & 117																			
Anni	-	41.28	-	-	-	0.01	-	-	1.00	-	-	-	10.35	-	-	-	-	-	52.64
142																			
Summit	-	0.47	-	-	-	0.19	-	-	-	-	-	-	-	-	-	-	-	-	0.66
OPL 322																			
Dajo	-	-	-	-	-	0.04	-	-	-	-	-	-	-	-	-	-	-	-	0.04
OPL 2004, 2005 & 2006																			
Sterling Int'l	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-	0.01
N/A																			
Lekoil	-	1.19	-	-	-	-	-	-	0.16	-	-	-	7.90	-	-	-	-	-	9.25
40																			
Elcrest	-	57.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57.38

Description	PPT	Royalty (Oil)	Royalty (Gas)	CIT	EDT	Concession Rental	NDDC	NCDMB	Flare Gas Payment	NLNG	CGT	VAT	Signature Bonus & License Renewal	Transportation Fees	NESS Fees	WHT	PAYE	Miscellaneous Income	Total
OML 156	Amalgamated Oil	-	-	-	-	0.01	-	-	-	-	-	-	0.50	-	-	-	-	-	0.51
OPL 305 & 306	Crownwell	-	-	-	-	0.33	-	-	-	-	-	-	-	-	-	-	-	-	0.33
OML 141	Emerald Energy	-	-	-	-	0.06	-	-	-	-	-	-	0.01	-	-	-	-	-	0.07
OML 122	Peak Oil	-	-	-	-	0.09	-	-	-	-	-	-	-	-	-	-	-	-	0.09
OML 144	Sunlink Petroleum Ltd	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	-	0.00
<b>Subtotal- Per License</b>		<b>1,229.64</b>	<b>50.28</b>	-	-	<b>1.03</b>	-	-	<b>38.73</b>	-	-	-	<b>709.24</b>	-	-	-	-	-	<b>2,028.92</b>
Amni	112 & 117	15.34	-	-	1.65	-	2.24	-	-	-	-	1.58	-	-	-	-	-	-	20.82
Atlas PNL	109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	0.00
Brasoil (Prime 130)	130	-	-	-	3.45	-	-	0.00	-	-	-	0.01	-	-	1.22	0.02	-	-	4.70
Brittania-U	90	-	-	-	-	-	-	-	-	-	-	0.16	-	-	-	1.14	0.06	-	1.35
Chorus	56	-	-	-	-	-	-	-	-	-	-	0.02	-	-	0.01	-	0.02	-	0.04
Conoil	59	6.83	-	-	0.29	-	-	-	-	-	-	595.48	-	-	-	2.04	-	-	604.63
Continental	59	2.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.18
Dubri	96	-	-	-	0.01	-	-	-	-	-	-	0.04	-	-	-	0.02	0.06	-	0.12
Energia	56	1.36	-	-	0.00	-	1.68	0.46	-	-	-	3.25	-	-	0.09	1.38	0.57	-	8.78
Excel E & P Limited	46	-	-	-	-	-	0.07	0.06	-	-	-	0.15	-	-	-	0.13	0.03	-	0.45
FHN	26	-	-	-	-	-	-	-	-	-	-	0.33	-	-	0.12	0.01	1.22	-	1.67
Frontier	13	-	-	-	-	-	0.96	-	-	-	-	0.95	-	-	0.02	1.10	0.42	-	3.45
Green Energy	11	-	-	-	-	-	1.33	0.09	-	-	-	3.62	-	-	0.07	0.06	0.18	-	5.36
Lekoil	N/A	4.37	-	-	0.41	-	-	0.20	-	-	-	0.24	-	-	-	-	-	-	5.23
Midwestern	56	-	-	-	0.00	-	1.52	0.46	-	-	-	1.99	-	-	2.08	-	1.15	-	7.19
Millenium	11	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-	-	-	0.00
Moni Pulo	114	0.50	-	-	0.00	-	1.00	0.35	-	-	-	1.10	-	-	0.06	3.96	-	-	6.97
ND Western	34	2.74	-	-	1.17	-	-	-	-	-	-	0.35	-	-	0.01	0.70	1.10	-	6.08
Neconde	42	-	-	-	-	-	-	-	-	-	-	0.04	-	-	0.41	0.04	0.87	-	1.36
Network E&P	13	-	-	-	-	-	0.36	-	-	-	-	0.08	-	-	0.05	0.08	0.09	-	0.65
NDPR	54	-	-	-	0.03	-	0.65	0.11	-	-	-	2.13	-	-	0.09	1.89	1.38	-	6.28
NAOC	60 & 63	58.34	-	47.98	7.09	-	32.61	6.24	-	-	-	33.43	-	-	0.76	25.04	11.65	-	223.13
NPDC	(61, 62, 63, 64-NAOC), (119- AENR), (4,38,41-Seplat), 65, 111	327.71	-	-	-	-	31.09	5.88	-	-	-	29.40	-	-	-	50.84	2.99	-	447.91
Oando	60 & 63	-	-	-	3.50	-	-	-	-	-	-	0.00	-	-	0.46	6.29	-	-	10.26
Oriental	67	15.54	-	-	3.03	-	1.27	1.18	-	-	-	7.22	-	-	0.40	-	-	-	28.64

Description	PPT	Royalty (Oil)	Royalty (Gas)	CIT	EDT	Concession Rental	NDDC	NCDMB	Flare Gas Payment	NLNG	CGT	VAT	Signature Bonus & License Renewal	Transportation Fees	NESS Fees	WHT	PAYE	Miscellaneous Income	Total
Petrobras (Prime127)	127	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Pillar	56	1.21	-	-	7.31	-	-	0.01	-	-	-	0.05	-	-	0.30	0.06	-	-	141.19
Platform	38	-	-	0.64	0.28	-	2.13	0.08	-	-	-	0.61	-	-	0.07	0.60	0.79	-	5.76
Shoreline	30	-	-	-	0.09	-	1.91	0.25	-	-	-	1.39	-	-	0.08	1.53	0.71	-	6.60
Summit	142	-	-	-	-	-	-	-	-	-	-	0.66	-	-	-	0.01	0.83	-	1.50
Suntrust	56	0.17	-	0.24	-	-	-	-	-	-	-	0.35	-	-	-	0.37	-	-	0.72
Universal	14	-	-	-	-	-	0.20	0.02	-	-	-	0.01	-	-	-	0.02	-	-	0.44
Waltersmith	16	2.08	-	-	0.02	-	-	-	-	-	-	1.54	-	0.00	0.10	0.11	0.18	-	0.70
Yinka Fajana	113	-	-	-	-	-	-	0.01	-	-	-	1.23	-	-	0.07	3.24	0.26	-	3.85
Subtotal- Per Company	571.83	-	-	48.86	28.33	-	79.03	15.40	-	-	-	687.52	-	0.00	6.55	100.77	24.57	-	1,562.85
Total- SR & MF	571.83	1,229.64	50.28	48.86	28.33	1.03	79.03	15.40	38.73	-	-	687.52	709.24	0.00	6.55	100.77	24.57	-	3,591.77
Service Contract																			
116	AENR	-	16.14	-	-	-	-	-	1.27	-	-	-	-	-	-	-	-	-	17.41
Subtotal- Per License		-	16.14	-	-	-	-	-	1.27	-	-	-	-	-	-	-	-	-	17.41
AENR	116	33.83	-	1.17	0.79	-	1.12	0.23	-	-	-	1.08	-	-	-	1.12	-	-	39.35
Subtotal- Per Company	33.83	-	-	1.17	0.79	-	1.12	0.23	-	-	-	1.08	-	-	-	1.12	-	-	39.35
Total- Service Contract	33.83	16.14	-	1.17	0.79	-	1.12	0.23	1.27	-	-	1.08	-	-	-	1.12	-	-	56.75
Others																			
NNPC		881.18	650.87	-	-	-	-	-	-	-	-	-	100.00	-	-	-	-	308.64	1,940.68
NLNG		-	-	871.08	-	-	-	-	-	915.65	-	21.07	-	-	-	189.98	42.72	-	2,040.49
N/A	Century Energy (Allied Energy)	-	2.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.71
N/A	Xenoil Energy	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
N/A	Ocean Oil	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02
N/A	Mabon	-	-	-	-	-	-	-	-	-	-	-	0.50	-	-	-	-	-	0.50
N/A	Makmera (Bicta Energy & Management Systems Limited)	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
OML 113	Mx Oil Plc	-	-	-	-	-	-	-	-	-	-	-	0.41	-	-	-	-	-	0.41
N/A	New Age Nigeria Ltd	-	-	-	-	-	-	-	-	-	-	-	4.00	-	-	-	-	-	4.00

Source: NEITI 2019 Template

N/A “-” means there are no payments from the companies. See Appendix 7 on revenue disaggregation by each revenue stream.



## CHAPTER 4

### 4. Cash Calls

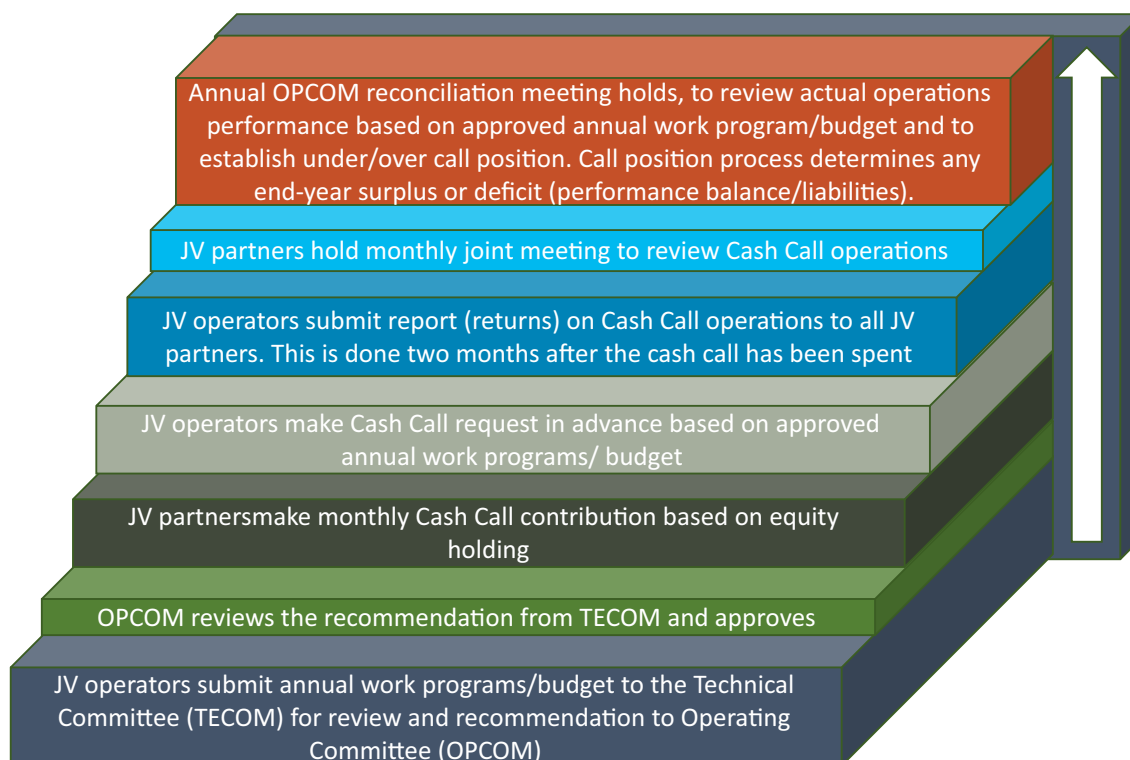
Cash calls are payments made by the National Petroleum Investment Management Service (NAPIMS) to JV partners as the government's equity contribution for exploration and production activities. These payments are treated as first-line deductions by the NNPC from the sales proceeds of crude oil and gas. The Joint Venture Cash Call Account (JVCC) warehouses Cash call funding inflows from the JV proceeds accounts and subsequently transfers these to the respective JV partners.

#### 4.1. JV Partners

The NNPC has Joint Venture Agreements (JVAs) with thirteen (13) JV partners which NAPIMS manages on behalf of the Federal Government. NAPIMS also supervises the mechanism of funding of the JV operations through the cash-call process.

The governance requirements of the Joint Operating Agreement (JOA) which guides JV operations specify the need for a review of the joint operations budget and performance relating to such equity holding(s) as shown in table 52. Figure 26 shows the cash call process.

**Figure 26: Cash Call Process**



**TABLE 52: JV PARTNERS AND EQUITY HOLDING IN 2019**

S/ N	JV Partner	Equity Participatory Interest															JV Assets
		NNPC %	SHELL %	MOBIL %	CHEVRON %	TEPNG %	NAOC %	PANOCEAN %	NEWCROSS %	FIRST E&P %	EROTON %	AITEO %	BELEMA %	SEPLAT %	WAEP %	AMNI %	
1	SHELL	55	30			10	5										OML
																	17, 20, 21, 22, 23, 25, 27, 28, 31, 32, 33, 35, 36, 43, 45, 46, 74, 77, 79
2	MOBIL	60		40													104, 67, 68, 70
3	CHEVRON	60			40												49, 51, 89, 91, 86, 88, 90, 95
4	TEPNG	60				40											99,100, 102, 58
5	PANOCEAN	60						40									98 (revoked and transferred to NPDC)
6	NEPL	55							45								24
7	FEPDCL	60								40							83, 85
8	EROTON	55									45						18
9	AITEO	55										45					29
10	BELEMA	60											40				55
11	SEPLAT	60												40			53
12	WAEP	55													45		71, 72
13	AMNI	60														40	52

Source: NNPC-NAPIMS Asset Report and NEITI 2019 template

#### 4.2. Cash-Call Budget

The oil and gas budget for the year 2019 as approved by the National Assembly (NASS) and provided by NAPIMS showed that the budget was stated net of production cost (cash call). The OPCOM meets annually to draw-up and approves the Cash call budget based on work programmes for each JV operation.

There are fourteen (14) JV operators for the thirteen (13) JVs, NPDC is the 14<sup>th</sup> operator managing some of the assets belonging to NNPC/SPDC and NNPC/CNL JVs.

A total of US\$6.72billion was the NNPC's share of approved JV OPCOM budget for 2019, see Table 53.

**TABLE 53: OPCOM 2019 APPROVED CASH-CALL BUDGET**

S/N	Operator	Approved Budget (NNPC's Share)		
		Source Naira N'000	Source Dollar US\$'000	Equivalent Dollar @ \$1/N305 EQ\$'000
1	SPDC	241,367,035	832,583	1,623,950
2	MPNU	242,197,433	1,050,269	1,844,359
3	CNL	144,683,630	464,431	938,804
4	TEPNG	89,093,507	246,368	538,478
5	POOC	14,233,111	34,519	81,185
6	NPDC (SPDC JV asset)	3,026,703	6,016	15,939
	NPDC (CNL JV asset)	4,619,450	11,207	26,353
7	FEPDCL	16,427,269	222,466	276,326
8	NEPL	24,477,784	95,274	175,529
9	AITEO	80,306,676	280,432	543,733
10	EROTON	45,118,629	148,496	296,426
11	SEPLAT	8,902,578	28,436	57,625
12	AMNI	786,717	800	3,379
13	WAEP	5,074,934	23,999	40,638
14	BELEMAOIL	32,725,663	145,073	252,371
	Total	953,041,120	3,590,370	6,715,095

Source: NNPC-NAPIMS OPCOM Budget and NEITI 2019 template

Of the US\$6.715billion OPCOM 2019 approved cash-call budget, US\$5.512billion (82.13%) was the actual cash call for 2019 as shown in table 56.

### 4.3. Cash-Call Funding Account

The total inflow into the JVCC accounts in 2019 was US\$7.150billion (N921.688billion and US\$4.148billion). In addition, US\$1.312billion (N106.095billion and US\$964.052million) was carried forward arising from undistributed balances in 2018. This brought the total amount of distributable in 2019 to US\$8.462billion. Table 54 shows the summary of JV Cash Call accounts.

**TABLE 54: SUMMARY OF JOINT VENTURE CASH CALL BANK ACCOUNTS**

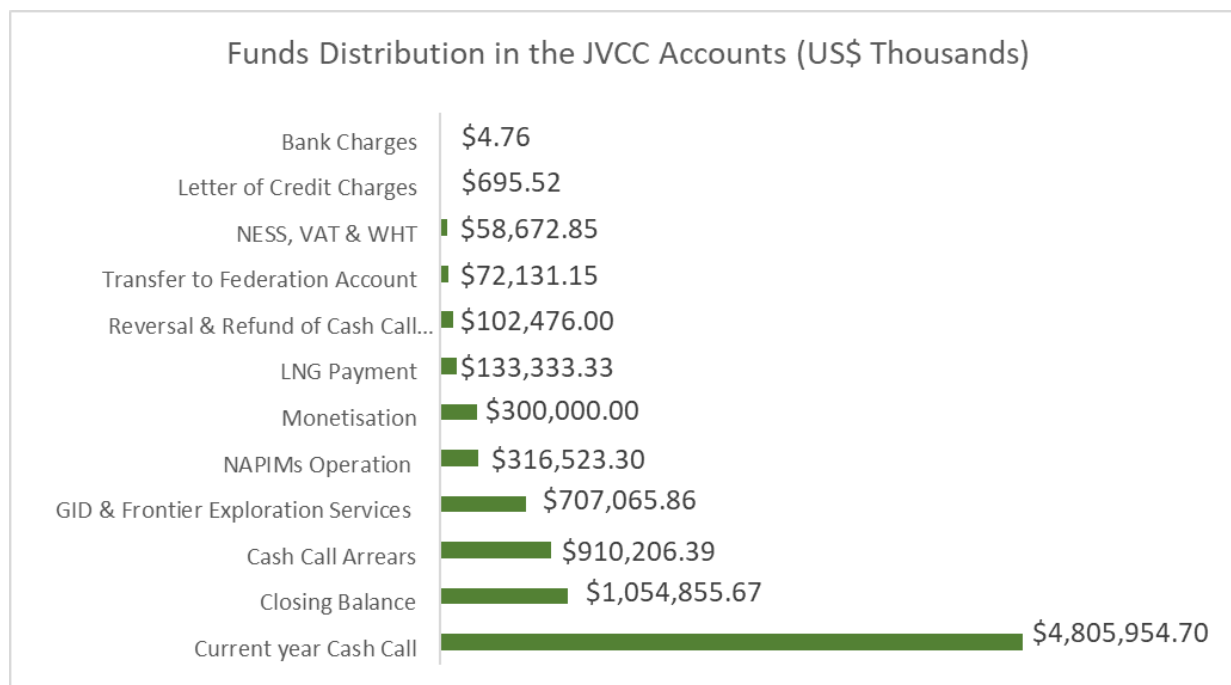
Description	Naira Account		Dollar Account US\$'000	Total US\$'000 Equivalent D = B + C
	N'000	US\$'000 Equivalent		
	A	B	C	
Opening Balances (a)	106,094,536.82	347,850.94	964,052.07	1,311,903.01
Inflow				
JV Cash Call Funding				
-- For offset of 2018 arrears	51,332,336.00	168,302.74	1,124,125.00	1,292,427.74
--For offset of 2019 transactions	772,855,901.00	2,533,953.77	2,912,695.00	5,446,648.77
Reversal	-	-	55,598.00	55,598.00
Cash Call refund	-	-	46,878.00	46,878.00
Interest	-	-	8,464.00	8,464.00
Monetization	97,500,000.00	300,000.00	-	300,000.00

Description	Naira Account N'000 A	US\$'000 Equivalent B	Dollar Account US\$'000 C	Total US\$'000 Equivalent D = B + C
Subtotal- Inflow (b)	921,688,237.00	3,002,256.51	4,147,760.00	7,150,016.51
				-
Total Funds Available for distribution (c = a + b)	1,027,782,773.82	3,350,107.46	5,111,812.07	8,461,919.52
Outflow				
JV Cash Call:				
Current year Cash Call	797,324,320.99	2,614,178.10	2,191,776.60	4,805,954.70
Prior years Cash Call Payment				
- 2018 Cash Call arrears	-	-	654,353.47	654,353.47
- 2016 Cash Call arrears	50,578,464.03	165,831.03	90,021.89	255,852.92
Cash Call Refund			46,878.00	46,878.00
Bank Charges	1,451.05	4.76	-	4.76
Gas Infrastructural Development	6,365,077.83	20,869.11	415,489.37	436,358.48
Reversal of Cash Call Payment	-	-	55,598.00	55,598.00
NESS	16,337,724.32	53,566.31	-	53,566.31
VAT	132,522.86	434.50	2,765.80	3,200.30
WHT	159,973.05	524.50	1,381.74	1,906.24
NAPIMs Operation				
- For 2018 arrears	-	-	92,175.18	92,175.18
- For 2019 operations	-	-	224,348.12	224,348.12
Monetization	-	-	300,000.00	300,000.00
Transfer to Federation Account	22,000,000.00	72,131.15	-	72,131.15
Frontier Exploration Services	-	-	270,707.38	270,707.38
LNG Payment	-	-	133,333.33	133,333.33
Letter of Credit Charges	-	-	695.52	695.52
Subtotal- Outflow (d)	892,899,534.13	2,927,539.46	4,479,524.40	7,407,063.86
Closing Balance (e= c-d)	134,883,239.69	422,568.00	632,287.67	1,054,855.67

Source: 2019 CBN/NNPC JVCC Naira Account Statements  
2019 Standard Chartered Bank JVCC Dollar Account Statements  
NNPC 2019 NAPIMS Records  
NEITI 2019 Audit Templates

The IA established US\$6.550billion as the total outflow transfer from NNPC Group treasury for JVCC funding. This was 3% (US\$188.836million) lower than the actual inflow of US\$6.739billion established in the NAPIMS JVCC accounts.

**FIGURE 27: PATTERN OF FUNDS DISTRIBUTION IN THE JVCC ACCOUNTS IN 2019**



From the total of US\$8.462billion available for distribution in 2019, US\$4.806billion (57%) was paid out for 2019 cash call transactions while US\$910.206million (11%) was for cash call arrears (2018 and 2016). The payments for government priority projects were, US\$707.066million (8%) for Gas Infrastructure Development and Frontier Exploration Services, and US\$133.333million (2%) as Liquefied Natural Gas (LNG) payment

Furthermore, US\$300million (3%) was for monetization (This related to intrabank transfer/current exchange from Dollar account to Naira account and vice versa), US\$58.673million (1%) was for NESS/VAT/WHT and US\$102.476million (1%) as reversed and refunded cash call payments. US\$4,760 (0.000056%) as bank charges, US\$72.131million (1%) to the Federation Account, US\$316.523million (4%) for NAPIMS Operation (2019 and 2018 arrears) and US\$1.055billion (12%) as balance in the account. Figure 27 shows the pattern of disbursement.

The US\$102.476million reversed and refunded cash call payments included US\$55.598 million cash call reversal due to failed transfer to Mobil (this was eventually paid). Also, it included US\$46.878million cash call refunded due to NAPIMS overpayment to Mobil.

Of the US\$224.348million released for 2019 NAPIMS operations, there was a balance of US\$12.466million. Table 55 shows the reconciliation of funds released for NAPIMS 2019 operations.

**TABLE 55: RECONCILIATION OF FUND RELEASED FOR NAPIMS 2019 OPERATIONS**

Description	US\$'000 Equivalent
Total funds released for 2019 NAPIMS Operation (A)	224,348.12
COMD--2019 Operating Expenses (OPEX) & Capital Expenditure (CAPEX) - (i)	57,523.44
NAPIMS-- 2019 OPEX & CAPEX (ii)	154,358.30
Total Expenses (B) = (i+ ii)	<b>211,881.74</b>
Balance ( C) = (A - B)	<b>12,466.38</b>

Source: 2019 CBN/NNPC JVCC Naira Account Statements  
2019 Standard Chartered Bank JVCC Dollar Account Statements  
NNPC 2019 NAPIMS Records  
NEITI 2019 Audit Templates

See Appendix 8 for details of NAPIMS overhead expenditures and performance.

#### 4.4. Cash-Call to JV Operators

Total cash call for 2019 was US\$5.512 billion (US\$2.898 billion and N797.324billion) which was based on the cash call mandates issued to each JV operators. US\$5.512 billion comprised US\$4.806billion paid out from the JVCC bank account which covered the cash calls from January to September 2019, and unpaid US\$706.49 million covering the months of October to December. Payments for October to December 2019 are made between January and March 2020. See Table 56 for total cash call for 2019.

**TABLE 56: CASH CALL TO JV OPERATOR**

S/N	Description	US\$'000	N'000	US\$'000 Equivalent	% of Cash Call
1	SHELL	643,533	181,354,253	1,238,137	22.46%
2	MOBIL	976,091	226,004,735	1,717,091	31.15%
3	CHEVRON	518,689	148,956,401	1,007,070	18.27%
4	TEPNG	207,940	80,552,677	472,047	8.56%
5	PANOCEAN	10,596	5,428,708	28,396	0.52%
6	NPDC (CNL JV asset)	6,701	4,075,602	20,064	0.36%
	NPDC (SPDC JV asset)	5,488	2,883,782	14,943	0.27%
7	NEPL	41,207	14,567,577	88,970	1.61%
8	FEPL	164,592	15837843.4	216,519	3.93%
9	EROTON	80,247	31,483,048	183,470	3.33%
10	AITEO	151,178	58,108,244	341,697	6.20%
11	BELEMA	69,710	21,075,434	138,810	2.52%
12	SEPLAT	5,617	3,573,152	17,332	0.31%
13	WAEP	16,161	2,650,072	24,849	0.45%
14	AMNI	515	772,793	3,048	0.06%
	<b>TOTAL</b>	<b>2,898,265</b>	<b>797,324,321</b>	<b>5,512,443</b>	<b>100.00%</b>

Source: 2019 CBN/NNPC JVCC Naira Account Statements  
2019 Standard Chartered Bank JVCC Dollar Account Statements  
NNPC 2019 NAPIMS Records  
NEITI 2019 Audit Templates

Based on the OPCOM operations, total cash calls for a particular year comprises the cash calls to JV operators based on all mandates issued for the year and the under/overcall position and performance balances based on the end-year reconciliation between NAPIMS and all JV operators.

The total cash calls to JV operators stated in Table 56 does not represent the total cash call position for 2019; this amount excludes under/overcall position and performance balances for 2019. The total cash call (including under/overcall position) will be determined after the conclusion of all companies' OPCOMs Performance. However, this process is yet to be concluded for some companies in 2019 due to the impact of the COVID-19 pandemic.

#### 4.5. Legacy Cash-Call Liabilities

Of the US\$3.405billion outstanding legacy liability as of 31 December 2018, 44% (US\$1.505billion) was paid in 2019, leaving a balance of \$1.900billion as of 31<sup>st</sup> December 2019. Table 57 shows the summary of Federation cash call liabilities in 2019.

**TABLE 57: FEDERATION CASH CALL LIABILITIES - 2019**

S/N	Company	Total Negotiated Debt	Outstanding Balance 31st Dec 2018	Total Payment in 2019	Outstanding Balance 31st Dec 2019
		US\$'000 Equivalent	US\$'000 Equivalent	US\$'000 Equivalent	US\$'000 Equivalent
1	SPDC	1,372,505	1,372,505	455,300	917,205
2	MPNU	833,752	260,207	260,207	-
3	CNL	1,097,509	641,009	482,700	158,309
4	TEPNG	610,973	523,856	133,263	390,593
5	NAOC	774,660	607,107	173,692	433,415
	<b>Total</b>	<b>4,689,399</b>	<b>3,404,684</b>	<b>1,505,162</b>	<b>1,899,522</b>

Source: NEITI 2019 Audit Templates and NNPC 2019 Legacy Debt Profile

The liability balance owed to Mobil from 2018 on legacy liability was fully repaid in 2019. Total outstanding Federation legacy liabilities on cash call pertained to four (4) International oil company (IOC) JV partners, namely, SPDC, CNL, NAOB and TEPNG. The IA confirmed that repayments were made through crude oil-- 20.569mmbbls valued at US\$1.354billion and gas-- 724mmt valued at US\$288.867million. This gave a total value of US\$1.643 billion as against US\$1.505billion presented by NNPC as legacy payment in 2019 - see summary [here](#). The discrepancy is due to NNPC internal reporting challenges. The implication is that there were other sources (other than lifting from production incremental) of funding repayment of cash call legacy liabilities.

## CHAPTER 5

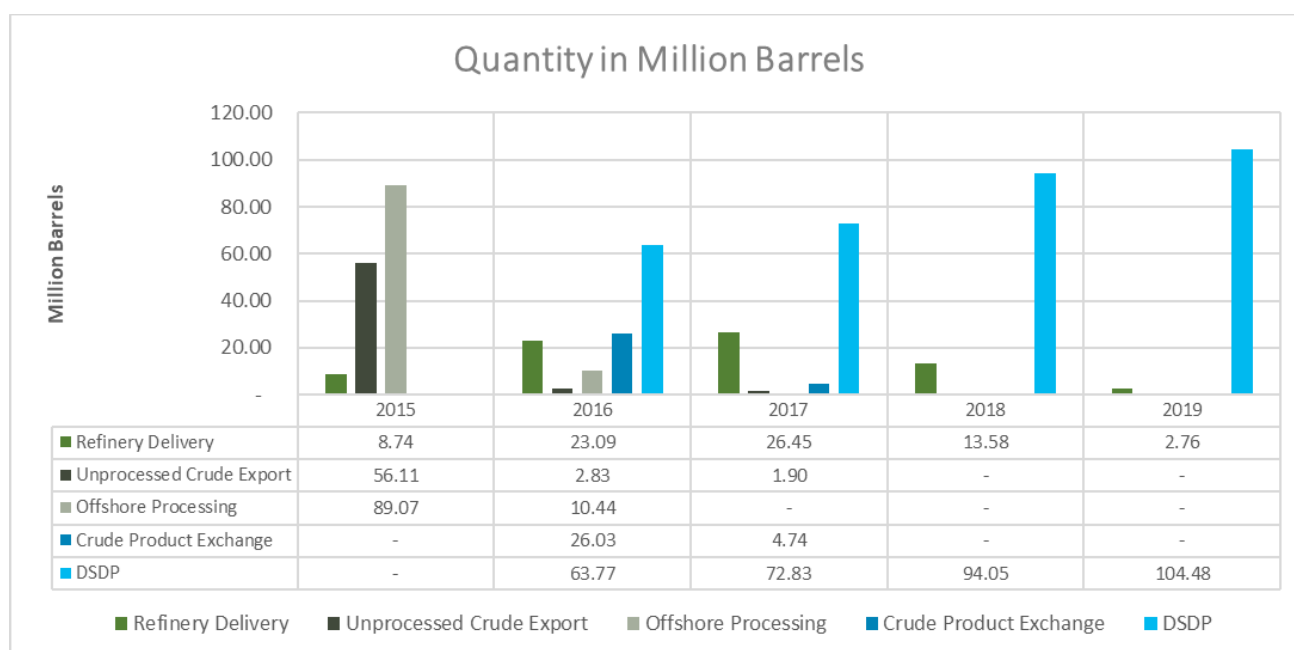
### 5. Downstream Operations

Downstream operations in the sector are activities carried-out post exploration and production. These activities are crude oil and gas refining, storage, distribution, and sales to end-users. The Petroleum Products Marketing Company (PPMC), the Nigerian Pipelines and Storage Company Limited (NPSC) and the refineries are some of the subsidiaries of NNPC that operate in the downstream sector. The PPMC oversees crude supplies to the refineries while NPSC facilitates the operation of the pipelines, depots, and product distribution within the country.

#### 5.1. Domestic Crude Allocation and Utilisation

Domestic crude allocations are deliveries to NNPC for downstream operations. The crude oil is expected to be delivered to the local refineries while the PPMC and NPSC ensure that refined petroleum products are distributed to end-users.

The total domestic crude allocation in 2019 was 107.24mmbbls. This was intended for refinery deliveries, however, 2.76mmbbls (3%) was utilised as refinery deliveries while 104.48mmbbls (97%) was exported under the DSDP arrangement. Figure 28 shows the five (5) year trend of total domestic crude allocations and refinery deliveries.



**FIGURE 28: FIVE-YEAR TREND OF DOMESTIC CRUDE ALLOCATION**



### 5.1.1. Product Losses from Pipeline Breaks

There were 1,387 pipeline breaks reported in 2019. Mosimi recorded the highest number, with 637 pipeline breaks followed by Port Harcourt area with 536 and Warri with 96, as shown in Table 58.

**TABLE 58: 2019 PIPELINE BREAKS IN NIGERIA**

Area	No of Breaks
Gombe	68
Kaduna	50
Mosimi	637
Port Harcourt	536
Warri	96
Total	1,387

Source: NNPC-PPMC Domestic Crude Allocation (DCA) Profile and NEITI 2019 Templates

See Appendix 6 for details on DCA/utilisation.

**TABLE 59: PRODUCT PIPELINE PERFORMANCE: (SEGMENT BY SEGMENT)- PMS**

PIPELINE SEGMENT	PMS										AUDITOR'S CALCULATED VARIANCE	REMARKS
	PUMPED (m3)		RECEIVED (m3)		DEWATERING	RECOVERY	PRODUCT LINEFILL	VARIANCE				
	PMS	H2O	PMS	H2O				(m3)	%	N: 133.28/litre		
A/C - MOS - IDIMU-SAT	2,740,820.09	80,231.22	2,492,757.86	52,266.27	14,502.00	506.00	-	(262,058.23)	(9.56)	(34,927,120,361.28)	(262,058.23)	Two hundred (200) points of vandalism and one (1) rupture were recorded
MOS – IBD	968,492.71	42,248.00	936,037.50	27,539.00	13,084.00	3,615.00	-	(41,924.21)	(4.33)	(5,587,659,241.92)	(41,924.21)	One Hundred and sixty-three (163) points of vandalism recorded
MOS – SAT	-	-	-	-	-	-	-	-	-	-	-	-
IBD – ILO	55,465.12	30,813.56	53,163.97	15,898.16	2,501.42	1,152.94	3,275.00	(374.62)	(0.68)	(49,929,087.04)	(374.62)	Eighteen (18) points of vandalism were recorded and 497m3 pumped is part of line fill
MOS-ORE	-	-	-	-	-	-	-	-	-	-	-	-
KAD – KANO	-	-	-	-	-	-	-	-	-	-	-	-
KAD – SUL	-	-	-	-	-	-	-	-	-	-	-	-
KAD – JOS	-	-	-	-	-	-	-	-	-	-	-	-
KAD – GUS	-	-	-	-	-	-	-	-	-	-	-	-
SUL – MINNA	-	-	-	-	-	-	-	-	-	-	-	-
JOS – GOMBE	-	-	-	-	-	-	-	-	-	-	-	-
PH-ABA	169,137.70		160,947.10	18,311.90	-	-	-	2,155.64	1.27	287,303,299.36	(8,190.60)	ABA received 783m3 of PMS as a result of the diversion of pumping on PH - Enugu due to fire outbreak on the PPL. As at 31/12/19, Aba was still receiving the remaining part of the batch.
ABA-ENUGU	22,433.36		4,619.00	843.00	-	-	-	(17,814.36)	(79.41)	(2,374,298,034.08)	(17,814.36)	-
TOTAL	3,956,348.98	153,292.78	3,647,525.43	114,858.33	30,087.42	5,273.94	3,275.00	(330,362.02)	(8.35)	(44,030,649,492.48)	(330,362.02)	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

A total of 330,362,020 litres of PMS valued at N44,030,649,492.48 (US\$143.694million using N306.42/USD) was lost because of vandalism and leaks of the product pipelines across the country in 2019. There were no Dual-Purpose Kerosene (DPK) and Automotive Gas Oil (AGO) pumping operations in 2019.

### 5.1.2. Refinery Balances

Refinery product balance is the reconciliation of the various refined products. The summaries of crude and product balances for the three national refineries are contained in Tables 60 to 73.

#### Port Harcourt Refinery

**TABLE 60: PHRC REFINERY BALANCE (CRUDE MATERIAL BALANCE) MBBLS**

Crude Blend	Opening Stock	Fresh Crude Received	Total Volume in Refinery	Processed Volume	Transfer to PHRC	Total Processed + Transferred to PHRC	Closing Stock	Audit Closing Stock	Variance
Bonny	161.62	-	1,673.83	28.94	-	28.94	133.19	134.51	(1.32)
Escravos	-	-	-	-	-	-	-	-	-
Qua Iboe Light	-	-	-	-	-	-	-	-	-
Urals	-	-	-	-	-	-	-	-	-
Ughelli Blend	-	-	-	-	-	-	-	-	-
Seplat	-	-	-	-	-	-	-	-	-
Slop	-	-	-	-	-	-	-	-	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

The variance in the refinery crude balance was due to injection of slop (a remnant of unprocessed crude oil) into the crude tanks.

**TABLE 61: PHRC REFINERY BALANCE (FINISHED PRODUCTS) MT**

Finished Products	Opening Stock	Receipt	Production	Evacuation	Closing Stock	Calculated Closing Stock	Variance
MIXED LPG	0.75	-	-0.04	-	0.71	0.71	-
PMS	39.32	472.24	4.89	495.51	20.94	20.94	-
HHK	10.97	-	-0.8	0.02	10.15	10.15	-
ATK	-	-	-	-	-	-	-
AGO	8.93	20.26	0.06	11.13	18.11	18.11	-
LPFO	29.34	-	62.12	16.86	74.6	74.6	-
LRS	-	-	-	-	-	-	-
TOTAL	-	492.5	66.22	523.52	-	-	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was no established variance for the closing stock of finished products in PHRC.

**TABLE 62: PHRC REFINERY BALANCE (UNFINISHED PRODUCTS) MT**

Unfinished Products	Opening Stock	Receipt	Production	Internal Withdrawal	Closing Stock	Calculated Closing Stock	Variance
PROPANE	-	-	-	-	-	-	-
BUTANE	-	-	-	-	-	-	-
LIGHT NAPHTHA	23.36	26.00	-9.73	36.99	2.63	2.63	-
NHU FEED (HEAVY NAPHTHA)	29	-	-7.37	-	21.62	21.62	-
CRU FEED (TREATED NAPHTHA)	2.2	-	-1.14	-	1.06	1.06	-
REFORMATE	-	-	-	-	-	-	-
FCC GASOLINE	4.07	-	-4.07	-	-	-	-
KEROSENE SLOP	2.39	-	-1.43	-	0.96	0.96	-
LIGHT GAS OIL (LGO)-1	6.51	-	-0.81	-	5.70	5.70	-
LGO-2	-	-	-	-	-	-	-
HEAVY GAS OIL (HGO)-1	0.58	-	-0.12	-	0.47	0.47	-
CRUDE DISTILLATION UNIT (CDU-1) RESIDUE	66.76	-	-44.52	-	22.24	22.24	-
VACUUM DISTILLATION UNIT (VDU)-1 RESIDUE	2.32	-	0.69	-	3.00	3.00	-
VACUUM GAS OIL (VGO)	75.05	-	-4.92	-	70.12	70.12	-
LIGHT CYCLE OIL (LCO)	2.22	-	-1.25	-	0.96	0.96	-
DECANTER OIL (DCO)	1.82	-	-	-	1.82	1.82	-
VDU-2 RESIDUE	-	-	-	-	-	-	-
FUELS SLOPS	45.87	-	-	-	45.87	45.87	-
TOTAL	262.00	26.00	-74.68	36.99	176.33	176.33	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was no established variance for the closing stock of unfinished products in PHRC.

**TABLE 63: PHRC REFINERY BALANCE (CONSUMPTION AND LOSSES) MT**

Product	Opening Stock	Production	Internal	Closing Stock	Calculated Closing Stock	Variance
Consumption						
FUEL OIL -LPFO	-	9.81	-	-	-	-
AGO	-	2.37	-	-	-	-
FUEL LPG	-	8.42	-	-	-	-
OFF GAS	-	-	-	-	-	-
SUB TOTAL	-	20.60	-	-	-	-
Losses						
GAS FLARED	-	1.10	-	-	-	-
COKE BURNT	-	0.09	-	-	-	-
LOSSES	-	19.87	-	-	-	-
SUB TOTAL	-	21.06	-	-	-	-
TOTAL	-	41.66	-	-	-	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

Total internal consumption and losses amounted to 41.66 mt.

## Warri Refinery

**TABLE 64: WRPC REFINERY BALANCE (CRUDE MATERIAL BALANCE) BBLs**

Crude Blend	Opening Stock	Fresh Crude Received	Total Volume in Refinery	Processed Volume	Export Through Jetty (Bbls)	Total Processed + Export	Closing Stock	Expected Closing Stock	Variance
BONNY									
ESCRAVOS	1,491,664.00	2,757,544.00	4,249,208.00	2,869,083.00	99,370.00	2,968,453.00	1,454,255.00	1,454,255.00	-
QUA IBOE LIGHT	-	-	-	-	-	-	-	-	-
URALS	-	-	-	-	-	-	-	-	-
UGHELLI BLEND	-	-	-	-	-	-	-	-	-
SEPLAT	-	9,404.00	9,404.00	-	9,404.00	-	-	-	-
SLOP	-	-	-	-	-	-	-	-	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was no established variance for the closing stock of crude material balance in WRPC. Furthermore, the Escravos crude balance includes re-injected slop.

**TABLE 65: WRPC REFINERY PRODUCT BALANCE (MT)**

Products	Opening Stock	Production	Imported Product	Total Stock in Refinery	Evacuation				Closing Stock	Calculated Closing Stock	Variance
					Road	Jetty	Pipeline	Total			
OFF GAS	-	-	-	-	-	-	-	-	-	-	-
LPG	258.00	2,352.00	-	2,610.00	-	-	-	-	717.00	-	-
PMS	40,731.00	103,596.00	177,359.00	321,686.00	264,427.00	12,968	-	277,395.00	43,250.00	44,291.00	(1,041)
DPK	6,634.00	55,574.00	-	62,208.00	55,335.00	-	-	55,335.00	6,948.00	6,873.00	75.00
AGO	3,026.00	76,960.00	4,853.00	84,839.00	79,143.00	1,479.00	-	80,622.00	4,176.00	4,217.00	(41.00)
LPFO	22,898.00	129,383.00	-	152,281.00	44,593.00	95,839.00	-	140,432.00	11,848.00	11,849.00	(1.00)
ASPHALT	-	-	-	-	-	-	-	-	-	-	-
Consumption	-	46,994.00	-	46,994.00	-	-	-	-	-	-	-
Coke Burnt	-	3,167.00	-	3,167.00	-	-	-	-	-	-	-
Losses	-	20,337.00	-	20,337.00	-	-	-	-	-	-	-
Total	73,546.00	438,383.00	182,212.00	694,141.00	443,498.00	110,286.00	-	553,784.00	66,939.00	67,230.00	(1,008)

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

Losses were made-up of Gas Flares of 14,547mt and actual production losses of 5,789mt. All variances (negative and positive) were due to truck-loading line-fill and variation in end-of-year tank dip exercise, see below.

- ñ 1,041mt negative variance in PMS was due to Truck-loading line-fill and variation in end-of-year tank dip exercise.
- ñ 75mt positive variance in DPK was because of variation in end-of-year tank dip exercise and use of PPMC Depot Meter (D02) in billing.
- ñ 41mt negative variance in AGO was because of variation in end-of-year tank dip exercise.
- ñ 1mt negative variance in Low Pour Fuel Oil (LPFO) was because of rounding figures.

**TABLE 66: WRPC REFINERY BALANCE (FINISHED PRODUCTS) MT**

Finished Products	Opening Stock	Receipt	Production	Evacuation	Closing Stock	Calculated Closing Stock	Variance
PROPANE	N/A	-	1,832.00	-	-	1,832.00	(1,832.00)
BUTANE	258.00	-	520.00	-	717.00	778.00	(61.00)
PMS	40,731.00	177,359.00	103,596.00	277,395.00	43,250.00	44,291.00	(1,041.00)
HHK	6,634.00	-	55,574.00	55,335.00	6,948.00	6,873.00	75.00
AGO	3,026.00	4,853.00	76,960.00	80,622.00	4,176.00	4,217.00	(41.00)
FUEL OIL (LPFO)	22,898.00	-	129,383.00	140,432.00	11,848.00	11,849.00	(1.00)
TOTAL	73,547.00	182,212.00	367,864.06	553,784.84	66,939.00	69,840.00	(2,901.00)

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was an established variance of 2,901mt for the closing stock of finished products in WRPC. In addition to the reasons in table 65, the variances for propane and butane were due to counters that were malfunctioning.

**TABLE 67: WRPC REFINERY BALANCE (UNFINISHED PRODUCTS) MT**

Unfinished Products	Opening Stock	Receipt	Production	Internal Withdrawal	Closing Stock	Calculated Closing Stock	Variance
LIGHT NAPHTHA	9,109.00	-	-5,474.00	-	3,965.00	3,635.00	330
HEAVY NAPHTHA	14,983.00	-	-363	289	14,526.00	14,331.00	195
TREATED NAPHTHA	7,189.00	-	117	98	7,188.00	7,208.00	-20
REFORMATE	2,004.00	-	-184	-	2,060.00	1,820.00	240
FCC GASOLINE	5,198.00	-	-5,198.00	-	0	0	-
KEROSENE	-	-	-	-	-	-	-
LIGHT GASOIL	17,922.00	-	-7,013.00	-	10,942.00	10,909.00	33
HEAVY GAS OIL	-	-	-	-	-	-	-
L/H VAC GASOIL	60,684.00	-	-19,776.00	-	40,788.00	40,908.00	-121
LCO + DO	4,002.00	-	-960	-	3,042.00	3,042.00	-
TOTAL RESIDUES	24,001.00	-	-20,963.00	-	3,067.00	3,037.00	30
SLOP	424	-	13,597.00	5,710.00	1,854.00	1,819.00	-34
ALKYLATE	-	-	-	-	-	-	-
TOTAL	145,517.00	-	-46,217.00	6,097.00	87,432.00	93,203.00	653

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was an established variance of 721mt (0.77%) for the closing stock of unfinished products in WRPC. The variance was due to approximation.

**TABLE 68: WRPC REFINERY BALANCE (CONSUMPTION AND LOSSES) MT**

Product	Opening Stock	Production	Internal	Closing Stock	Calculated Closing Stock	Variance
Consumption						
GAS	-	4,924.00	4,924.00	-	-	-
LPG	-	-	-	-	-	-
LPFO	2,083.00	32,578.00	32,775.00	1,886.00	1,886.00	-
COKE BURNT	-	3,167.00	3,167.00	-	-	-
AGO	-	9,492.00	9,492.00	-	-	-
SUB TOTAL	2,083.00	50,162.00	50,358.00	1,886.00	1,886.00	-
Losses						
GAS FLARED	-	14,547.00	-	-	-	-
LOSSES	-	5,789.00	-	-	-	-
SUB TOTAL	-	20,337.00	-	-	-	-
TOTAL	2,083.00	70,498.00	50,358.00	1,886.00	1,886.00	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

NNPC closing balance matched the IA recomputed balances.

### Kaduna Refinery

**TABLE 69: KRPC REFINERY BALANCE (CRUDE MATERIAL BALANCE) BBLs**

Crude Blend	Opening Stock	Fresh Crude Received	Total Volume in Refinery	Processed Volume	Transfer to KRPC	Total Processed + Transferred to KRPC	Closing Stock	Audit Closing Stock	Variance
BONNY									-
ESCRAVOS	193,326	105,375	298,701	222,850	-	222,850	155,872	75,851	80,021*
QUA IBOE LIGHT									-
URALS	91,661	-	91,661	-	-	-	92,243	91,661	583**
UGHELLI BLEND	-	-	-	-	-	-	-	-	-
SEPLAT	38,040	75,075	113,115	78,318	-	78,318	83,882	34,797	49,085*
SLOP	254,315	-	254,315	-	-	-	126,711	254,315	(127,605) *
Total	577,342	180,450	757,791	301,168		301,168	458,708	456,624	2,084

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was an established variance of 2,084mmt for the closing stock of crude material balance in KRPC. The variance was due to adjustments for slop:

\*Transfer from slop tank to Escravos crude tank (89,921 bbl) and condensate tanks (49,085 bbls), which amounted to the gain of 1,501bbls due to temperature and specific gravity (SG) change.

\*\*Gain of 583bbl was due to temperature and SG change during the end of year dip.

**TABLE 70: KRPC REFINERY PRODUCT BALANCE (MT)**

Products	Opening Stock	Production	Imported Product	Total Stock in Refinery	Road	Jetty	Evacuation Pipeline	Total	Closing Stock	Calculated Closing Stock	Variance	Remark
OFF GAS	-	364.00	-	364.00	364.00	-	-	364.00	-	-	-	
Propane	-	-	-	-	-	-	-	-	-	-	-	
LPG	188.00	-	-	188.00	-	-	-	-	35.00	188.00	(153.00)	Final stock excludes 153 mt sent to fuel LNG pool for operation.
PMS	18,071.00	(14,737.00)	-	3,334.00	358.00	-	-	358.00	3,796.00	2,976.00	820.00	Final stock excludes 118 mt due to manual dip.
DPK	7,949.00	-	-	7,949.00	4,211.00	-	-	4,211.00	3,183.48	3,738.00	(554.52)	Final stock excludes 555 mt due to water drained
AGO	4,185.00	(1,687.00)	-	2,498.00	543.00	-	-	543.00	1,957.00	1,955.00	2.00	Final stock includes 2 mt due to manual dip.
LPFO	-	-	-	-	-	-	-	-	-	-	-	
PPMC DECANTED PMS	-	14,737.00	-	14,737.00	11,967.00	-	-	11,967.00	3,451.00	2,770.00	681.00	Final stock includes 681 mt due to manual dip and water ingress
ASPHALT	619.00	-	-	619.00	-	-	-	-	619.00	619.00	-	
Consumption	18,971.00	48,599.00	-	67,570.00	62,126.00	-	-	62,126.00	5,767.00	5,444.00	323.00	
Coke Burnt	-	-	-	-	-	-	-	-	-	-	-	
Losses	-	388.00	-	388.00	388.00	-	-	388.00	-	-	-	
Gas Flared	-	-	-	-	-	-	-	-	-	-	-	
Total									18,808.48	17,690.00	1,118.48	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates



Refinery closing stock is higher than the Audit closing stock by 1,118.48mt. From NNPC's explanation, the final closing stock was 3,914mt which included 938mmt of decanted PMS and excluded 118mt due to manual dip, giving a total balance of 820mt. The consumption was a positive variance of 323mt -- which was because of the following activities:

- ñ 153mt of LPG transferred to process unit (TK 50-13) for plant start-up in 2019.
- ñ 150mt increase in LPG stock was due to temperature difference and level correction during Annual stock dip.
- ñ 20mt of LPFO was due to corrections during Annual stock-taking dip.

**TABLE 71: KRPC REFINERY BALANCE (FINISHED PRODUCTS) MT**

Finished Products	Opening Stock	Receipt	Production	Evacuation	Closing Stock	Calculated Closing Stock	Variance	Remarks
MIXED LPG	188.00	-	-	-	35.00	188.00	(153.00)	Final stock excluded 153 mt sent to fuel LNG pool for operation.
P. M. S	18,071.00	938.00	(14,737.00)	358.00	3,796.00	3,914.00	(118.00)	Final stock excluded 118 mt due to manual dip.
H. H. K	7,949.00	-	-	4,211.00	3,183.48	3,738.00	(554.52)	Final stock excluded 555 mt due to water drained
A. T. K	-	-	-	-	-	-	-	-
A. G. O	4,185.00	-	(1,687.00)	543.00	1,957.00	1,955.00	2.00	Final stock included 2 mt due to manual dip.
L. P. F. O	-	-	-	-	-	-	-	-
PPMC DECANTED PMS	-	-	14,737.00	11,967.00	3,451.00	2,770.00	681.00	Final stock included 681 mt due to manual dip and water ingress
100N BASE OIL	-	-	-	-	-	-	-	-
150N BASE OIL	-	-	-	-	-	-	-	-
250N BASE OIL	-	-	-	-	-	-	-	-
500N BASE OIL	-	-	-	-	-	-	-	-
BS BASE OIL	-	-	-	-	-	-	-	-
PALE GRADES	-	-	-	-	-	-	-	-
60/70 ASPHALT	619.00	-	-	-	619.00	619.00	-	-
80/100 ASPHALT	-	-	-	-	-	-	-	-
RC. ASPHALT	-	-	-	-	-	-	-	-
MC0 ASPHALT	-	-	-	-	-	-	-	-
MC1 ASPHALT	-	-	-	-	-	-	-	-
S125 ASPHALT	-	-	-	-	-	-	-	-
WAX GRADE A	-	-	-	-	-	-	-	-

Finished Products	Opening Stock	Receipt	Production	Evacuation	Closing Stock	Calculated Closing Stock	Variance	Remarks
WAX GRADE B	-	-	-	-	-	-	-	-
WAX GRADE C	-	-	-	-	-	-	-	-
SULPHUR	-	-	-	-	-	-	-	-
KERO-SOLVENT	56.00	-	-	-	52.00	56.00	(4.00)	-
HEAVY N-PARAFFIN	-	-	-	-	-	-	-	-
BENZENE	-	-	-	-	-	-	-	-
AROMATIC SOLVENT	-	-	-	-	-	-	-	-
TOLUENE	-	-	-	-	-	-	-	-
LAB	-	-	-	-	-	-	-	-
HEAVY ALKYLATE	-	-	-	-	-	-	-	-
					13,093	13,240	(146.52)	-

Source: NNPC-PPMC-NPSC Profile and NEITI 2019 Templates

There was an established variance of 146.52mt for the closing stock of the finished products in KRPC. The variance is due to the exclusion of 153mt sent to fuel LPG pool for operations from the final stock. Also, the final stock excluded 122mt due to manual dip and 554.52mt due to water drained. Conversely, the final stock included 683mt due to manual dip and water ingress.

**TABLE 72: KRPC REFINERY BALANCE (UNFINISHED PRODUCTS) MT**

Unfinished Products	Opening Stock	Receipt	Production	Internal Withdrawal	Closing Stock	Calculated Closing Stock	Variance
PROPANE	-	-	-	-	-	-	-
BUTANE	-	-	-	-	-	-	-
LIGHT NAPHTHA	3,892.00	-	(2,546.00)	-	1,147.00	1,346.00	(199.00)
NHU FEED (HEAVY NAPHTHA)	32,586.00	-	10,358.00	-	42,172.00	42,944.00	(772.00)
CRU FEED (TREATED NAPHTHA)	-	-	-	-	-	-	-
REFORMATE	-	-	-	-	-	-	-
FCC GASOLINE	-	-	-	-	-	-	-
KEROSENE SLOP	-	-	4,225.00	-	4,236.00	4,225.00	11.00
LGO-1	274.00	-	1,763.00	-	2,068.00	2,037.00	31.00
LGO-2	-	-	-	-	-	-	-
HGO-1	286.33	-	293.00	-	565.00	579.33	(14.33)
CDU-1 RESIDUE	17,022.00	-	(9,394.00)	-	7,273.00	7,628.00	(355.00)
VDU-1 RESIDUE	13,008.00	-	(7,427.00)	-	5,528.00	5,581.00	(53.00)
VGO	34,610.00	-	-	-	35,442.00	34,610.00	832.00
LCO	485.00	-	-	-	568.00	485.00	83.00
DCO	-	-	-	-	-	-	-
60/70 ASPHALT	238.00	-	-	-	238.00	238.00	-
CDU-2 RESIDUE	24,422.00	-	(5,917.00)	-	18,758.00	18,505.00	253.00

Unfinished Products	Opening Stock	Receipt	Production	Internal Withdrawal	Closing Stock	Calculated Closing Stock	Variance
VDU-2 RESIDUE	1,616.00	-	-	-	1,617.00	1,616.00	1.00
WAXY DISTILLATE + DAO	18,811.00	-	-	-	18,755.00	18,811.00	(56.00)
WAXY RAFFINATE	-	-	-	-	-	-	-
EXTRACTS	97.00	-	-	-	96.00	97.00	(1.00)
PDA ASPHALT	960.00	-	-	-	1,266.00	960.00	306.00
ABU BLEND CHARGE	7,158.00	-	-	-	6,919.00	7,158.00	(239.00)
SLACK WAXES	1,234.00	-	-	-	1,254.00	1,234.00	20.00
DEOILED WAXES	-	-	-	-	-	-	-
FUELS SLOPS	805.00	-	322.00	-	1,292.00	1,127.00	165.00
LUBES SLOPS	-	-	-	-	-	-	-
HDS FEED	1,624.00	-	-	-	1,623.00	1,624.00	(1.00)
KERO SOLVENT	-	-	-	-	-	-	-
THDA FEED	-	-	-	-	-	-	-
BENZENE CHECK	-	-	-	-	-	-	-
TOLUENE CONCENTRATE	429.00	-	-	-	411.00	429.00	(18.00)
LAB CHECK	-	-	-	-	-	-	-
LAB OFF-SPEC	-	-	-	-	-	-	-
TREATED KERO -LAB	1,125.00	-	-	-	1,094.00	1,125.00	(31.00)
<b>TOTAL</b>	<b>160,682.33</b>		<b>(8,323.00)</b>		<b>152,322.00</b>	<b>152,359.33</b>	<b>(37.33)</b>

Source: NNPC (NPSC) Profile and NEITI 2019 Templates

There was an established variance of (37) mt for the closing stock of the unfinished product in KRPC. This was due to temperature and SG change during the annual dip.

**TABLE 73: KRPC REFINERY BALANCE (CONSUMPTION AND LOSSES) MT**

Product	Opening Stock	Production	Internal	Closing Stock	Calculated Closing Stock	Variance
Consumption						
Fuel Oil -LPFO	18,668.00	47,517.00	60,906.00	5,299.00	5,279.00	20.00
LGO	-	200.00	200.00	-	-	-
Fuel LPG	303.00	518.00	656.00	468.00	165.00	303.00
Off Gas	-	364.00	364.00	-	-	-
Sub-total	18,971.00	48,599.00	62,126.00	5,767.00	5,444.00	323.00
Losses						
Gas Flared	-	82.00	82.00	-	-	-
Coke Burnt	-	-	-	-	-	-
Losses	-	306.00	306.00	-	-	-
Sub-Total	-	388.00	388.00	-	-	-
<b>Total</b>	<b>18,971.00</b>	<b>48,987.00</b>	<b>62,514.00</b>	<b>5,767.00</b>	<b>5,444.00</b>	<b>323.00</b>

Source: NNPC (NPSC) Profile and NEITI 2019 Templates

There was an established variance of 323mt for the closing stock of consumption and losses quantities in KRPC. This is because of:

- ñ 153mt of LPG transferred to process unit (TK 50-13) for plant start-up in 2019.
- ñ 150mt increase in LPG stock due to temperature difference and level correction during the annual stock dip.
- ñ 20mt of LPFO due to temperature and SG difference during the annual stock-taking dip.

## Product Export

Product export from the sector is the sales of the remaining product in the refineries. During the refining process, there are semi-finished products that are not fully refined and are therefore sold to other end users. In 2019, a total of 54,529.32mt of LPFO was exported from Warri refinery.

**TABLE 74: PRODUCT EXPORT- LFPO**

Month	Name of Vessel	Quantity (MT)	Loading Port	Purchaser
January	MT INTERIM	12,495.23	Warri	Duke Oil
February	MT INTERIM	15,018.15	Warri	Duke Oil
		13,517.27	Warri	Duke Oil
March		13,498.66	Warri	Duke Oil
Total	-	54,529.32	-	-

Source: NNPC (NPSC) Profile and NEITI 2019 Templates

## 5.2. PPPRA Appropriate Pricing Framework

Effective from 11<sup>th</sup> May 2016, the Nigerian government adopted the Appropriate Pricing Framework (APF) to replace the Price Modulation Mechanism (PPM). The APF reflects prevailing market fundamentals in the pricing of petroleum products in the country. This allows for a partially liberalized market where Oil Marketing Companies (OMCs) are required to source foreign exchange (forex) at the secondary market without recourse to government funding.

Petroleum Products Pricing Regulatory Agency (PPPRA) confirmed that the Agency neither computed nor advised companies (including NNPC) on subsidy/under-recovery for imported products.

### 5.2.1. Products Supplied (Imported)

Total DPK imports in 2019 were 329.397million litres on account of NNPC. Of these imports, NNPC distributed 21% (31.470million litres) while other marketers distributed 79% (116.659 million litres).

Furthermore, total PMS imports were 20.603billion litres with NNPC accounting for 100% of the total import. Of these imports, NNPC distributed 27% (5.568billion litres) while other marketers distributed 73% (15.036million litres).

**TABLE 75: SHOWS A SUMMARY OF DISTRIBUTED PRODUCTS IN 2019.**

Products	NNPC Volume Litres'000	Other Marketers Volume Litres'000	2019 Total Volume Litres'000	2018 Total Volume Litres'000	Change %
PMS	5,567,596.76	15,035,539.45	20,603,136.22	20,001,717.86	3%
DPK/HHK	31,469.54	116,659.00	148,128.55	329,396.93	-55%

Source: PPPRA and NEITI 2019 Templates

**TABLE 76: TOTAL TRUCK-OUT QUANTITIES AND TOTAL IMPORTED PRODUCTS FOR 2019.**

	AGO Liters'000	ATK Liters'000	DPK Liters'000	PMS Liters'000
Truck-out	5,158,861.28	1,048,271.11	270,215.59	20,584,964.54
Imported	5,148,860.32	1,072,884.62	148,128.55	20,603,136.22
% of Truck-out	100.19%	97.71%	182.42%	99.91%

Source: PPPRA and NEITI 2019 Templates

## CHAPTER 6

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### 6. Infrastructure Provisions, Barter Arrangement, Social and Economic Spending

This section provides information on infrastructure provisions, social expenditure, quasi-fiscal expenditure, contributions of the industry to the economy, and environmental impact and expenditure.

#### 6.1. Infrastructure Provisions and Barter Arrangement

Infrastructure provision and barter arrangement is any agreement or set of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil and gas, mining exploration or production concessions, and/or the physical delivery of such commodities. In 2019, there were no established cases of infrastructure provisions and barter arrangement for licenses, leases, concessions, or any kind of arrangement with the Federation in 2019.

#### 6.2. Social Expenditure

Social expenditure is categorised as mandatory or non-mandatory. Mandatory social expenditure is the payment made to the NDDC or the NCDMB in line with their respective Acts<sup>17</sup>. Non-mandatory social expenditure is the voluntary payments/expenditure made by companies to or for their host communities and other commitments across the Federation. These are generally called corporate social responsibility by the companies.

Some examples of the non-mandatory social expenditure include the provision of social amenities like roads, communal water borehole, health centres, and scholarships- primary, secondary and tertiary. Others include skills acquisition (fashion designing, hairdressing, cobbling etc.) and agricultural support schemes (provisions of seedlings, fertilisers, fishing gears, etc.).

In 2019, total social expenditure (mandatory and non-mandatory) was US\$896.891million. This consisted of a non-mandatory contribution of US\$81.297million (9.06%) and mandatory contribution of US\$815.594million (90.94%).

The mandatory contribution is made up of NDDC's 3% levy<sup>18</sup> - US\$721.275million and NCDMB's 1% levy<sup>19</sup> - US\$94.319million. Table 77 shows a summary of non-mandatory social expenditure in 2019.

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<sup>17</sup> Section 14(b) of the NDDC Act, mandates the commission to collect 3% of the total annual budget of any oil producing companies operating onshore and offshore in the Niger Delta area. While Section 104 of the NOGICD Act of 2010 provides that 1% of every contract in the upstream sector of the Nigerian oil and gas industry shall be deducted at source and paid to the NCDMB.

<sup>18</sup> Details of companies that paid NDDC Levy is in section 7

<sup>19</sup> Details of companies that paid NCDMB Levy is in section 7

**TABLE 77: SUMMARY OF NON-MANDATORY SOCIAL EXPENDITURE**

S/N	Name of Company	No of Project	Amount (US\$)
1	Addax Petroleum Development LTD	6	809,126.45
2	Agip Energy and Natural Resource	2	102,304.03
3	Aiteo Eastern E&P Co. Limited	1	267,854.91
4	Belema Oil	29	77,240.68
5	Chevron Nig Ltd	105	7,673,770.33
6	Dubri Oil	18	103,870.50
7	Enageed Resources Ltd	18	688,301.68
8	Eroton E&P	1	791,274.57
9	Esso E&P (Offshore East)	3	13,053.98
10	Esso E&P Nig Ltd	8	236,293.16
11	Excel E & P Company LTD	3	7,225.38
12	Frontier Oil	5	100,250.87
13	Green Energy	59	2,267,280.20
14	Midwestern Oil & Gas	6	821,445.58
15	Mobil Producing Nig	14	1,966,924.66
16	Moni Pulo Ltd	23	1,074,016.06
17	Network E&P NIG LTD	4	127,572.51
18	Newcross Expl & Prod Ltd	4	1,884,000.00
19	Niger Delta Petroleum Resources	17	483,643.94
20	Nigerian AGIP Expl Ltd	10	449,900.00
21	Nigerian AGIP Oil Company Ltd	10	12,000,640.19
22	Nigeria Petroleum Development Company	26	10,133,988.89
23	Oriental Energy	4	400,821.36
24	Pillar Oil	9	478,187.31
25	SEPLAT	7	1,049,413.88
26	SNEPCO	28	420,974.48
27	SPDC	154	8,239,765.23
28	South Atlantic Petroleum Ltd	1	2,088,395.01
29	Sterling Oil Exploration & Energy	6	20,079.80
30	Sterling Global Oil Resources	6	10,270,692.00
31	TEPNG	12	4,826,984.91
32	Total Upstream	27	11,015,115.69
33	Universal Energy	63	405,142.89
34	Waltersmith Petroman Oil LTD	1	1,752.14
		690	81,297,303.25

Source: NEITI 2019 Templates

See Appendix 15 (Schedule of Voluntary Social expenditure) for further details.

### 6.3. Quasi-Fiscal Expenditure

Quasi-fiscal expenditure includes expenditure where the SOE undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The IA identified three (3) items where quasi-fiscal expenditures were made by the NNPC. The total sum expended amounted to N341.295billion. This amount shows a reduction of 57% (from 2018) in the amount spent by NNPC outside the budgetary process. See details of 3 items below:

- ñ Pipeline security and maintenance cost: the sum of N96.378billion was spent, above the approved sum, on securing and maintaining of the nation's pipelines. The sum of N30.287billion had been approved for this item in the national budget. However, the actual spend was in the sum of N126.664billion.
- ñ PMS under-recovery: the sum of N213.074billion was spent, above the approved sum, on recovered cost for the importation of PMS for local consumption. The sum of N305billion had been approved for this item in the national budget. However, the actual spend was in the sum of N518.074billion.
- ñ Product losses: the sum of N31.844billion was spent on the products that are lost to theft and sabotage.

### 6.4. Contribution of the Industry to the Economy

The contribution of the industry to the economy of Nigeria in 2019 is summarized under two sections: Economic contribution of the Industry and Employment and Gender.

#### 6.4.1. Economic contribution of the Industry

- a) Contribution to Gross Domestic Product (GDP): The contribution from the sector was US\$40.954billion<sup>20</sup>. This represents 8.62% of the total GDP (US\$475.293billion)<sup>21</sup>.
- b) Contribution to total e xports: Crude oil exports amoun ted to US\$47.941 billion. This represents 76.5% of total exports (US\$ 62.626billion)<sup>22</sup> in the country.

<sup>20</sup> Crude Petroleum and Natural Gas Activity, and Oil refining Sectors was N12.549 trillion (US\$40.954billion using N306.42/\$1). National Bureau of Statistics: Nigerian Gross Domestic Product Report (Expenditure and Income Approach) (Q1, Q2, Q3 & Q4 2019). See [here](#)

<sup>21</sup> Total GDP was N145.639 trillion (US\$475.293billion using N306.42/\$1). National Bureau of Statistics: Nigerian Gross Domestic Product Report (Expenditure and Income Approach) (Q1, Q2, Q3 & Q4 2019). See [here](#)

<sup>22</sup> Total crude oil export was N14.69trillion (US\$47.941billion using N306.42/\$) and total exports was N19.19 trillion (US\$62.626billion using N306.42/\$) National Bureau of Statistics - Foreign Trade in Goods Statistics- Q4 2019. See [here](#).

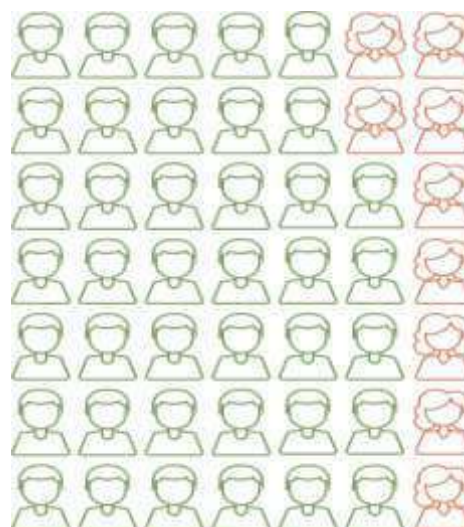


#### 6.4.2. Employment and Gender

The EITI Standard 2019 introduced additional requirements related to the reporting of disaggregated employment by gender, company, and occupational level data (Requirement 6.3 (d)) for the extractive sector.

The report presents information on gender, occupational level, the locale of employees (indigenous to communities of operation, national or are expatriates), and information on physically challenged employees. From data collected from the field, a total of 18,856 employees of which 82% were male and 18% female was collected from 49 employment data collection templates. From this, the percentage of top management was 10%, middle management was 47% and 43% were the lower-level staff.

In top management, 78% were male and 22% female, in middle management 82% were male and 18% female and lower management, it was 83% and 17%. Nationally employed staff in top management was 95%, those in the middle and lower cadre were 96% and 98% respectively. No information on physically challenged employees was obtained from the field exercise.



Tables 78, 79 and 80 provide information on total employment by gender, nationality, and occupational level.

**TABLE 78: TOTAL EMPLOYMENT BY GENDER**

Description	Total employees	Total Male employees	Total Female employees
Total	18,856	15,449	3,407
% of the total		82%	18%

Source: NEITI 2019 Templates

**TABLE 79: DISAGGREGATED EMPLOYMENT BY NATIONALITY AND OCCUPATIONAL LEVEL**

	Nigerian nationals				Expatriates		Total	TOTAL		
	Male local <sup>23</sup>	Female local	Male national <sup>24</sup>	Female national	Male	Female		Male	Female	Total
<b>Top management</b>	1,255	358	145	64	90	3	1,915	1,490	425	1,915
<b>% of employees</b>	65.5%	18.7%	7.6%	3.3%	4.7%	0.2%	100%	77.8	22.2	100%
<b>Middle management</b>	6,533	1,481	418	101	313	23	8,869	7264	1605	8,869
<b>% of middle management employees</b>	73.5%	18%	4.5%	1%	3%	0.3%	100%	81.9%	18.1%	100%
<b>Middle management</b>	5,973	1,119	571	235	151	23	8,072	6,695	1,377	8,072
<b>% of lower management employees</b>	73.9%	13.9%	7.1%	2.9%	1.9%	0.3%	100%	82.9%	17.1%	100%
<b>Grand total</b>	13,761	2,958	1,134	400	554	49	18,856	15,449	3,407	18,856
<b>% of employees</b>	73.0%	15.7%	6.0%	2.1%	2.9%	0.3%	100%	82%	18%	100%

Source: NEITI 2019 Templates

**TABLE 80: DISAGGREGATED EMPLOYMENT OF NIGERIAN NATIONALS BY OCCUPATIONAL LEVEL**

	Top	Middle	Lower	Total nationals	% of top management	% of middle management	% of lower management
<b>No. of national employees</b>	1,822	8,533	7,898	18,253	95.1%	96.2%	97.8%
<b>No of male nationals</b>	1,400	6,951	6,544	14,895	73.1%	78.4%	81.1%
<b>% male nationals</b>	76.8%	81.5%	82.9%				
<b>No. of female nationals</b>	422	1,582	1,354	3,358	22.0%	17.8%	16.8%
<b>% female nationals</b>	23.2%	18.5%	17.1%				

Source: NEITI 2019 Templates

<sup>23</sup> These are employees who are Nigerian nationals and are originally from the state in which the company's operations are located. In the case of offshore operations, the nearest state to the operations or the state where the main onshore base or facility is located.

<sup>24</sup> These are employees who are Nigerian nationals and are originally from another state other than the one in which the company's operations are located. In the case of offshore operations, a state other than the nearest state to the operations or the state where the main onshore base or facility is located.

## 6.5. Environmental Impact of the Industry Activities

The activities in the industry over the years has environmental impacts. Some of the impacts are the alteration of the ecosystems from the loss of vegetation, landscape degradation and radiation emission. Stakeholders in the sector are obligated to operate within the environmental regulatory frameworks established by government agencies.

The under-listed are key government agencies that superintend the environmental aspects of the sector.

### 6.5.1. Environment Regulatory Agencies

#### 1. Federal Ministry of Environment (FMOE)



This was established in 1999 from the merging of the Federal Environmental Protection Agency (FEPA) and other relevant departments in other Ministries. FEPA was established under Decree 58 of 1988 and 59 (amended) of 1992 and charged with the overall responsibility of environmental management and protection.

The FMOE is responsible for formulating policies and programmes for the protection of the environment, conserving natural resources, and sustaining development. It ensures that a quality environment conducive for good health and well-being of fauna and flora is maintained and promotes the sustainable use of natural resources for the benefit of all citizens.

#### Agencies under the Ministry

- a. National Oil Spill Detection and Response Agency (NOSDRA): NOSDRA was established by the National Assembly Act of 2006 as an institutional framework to coordinate the implementation of the National Oil Spill Contingency Plan (NOSCP) for Nigeria under the International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC 90) to which Nigeria is a signatory. The Agency ensures compliance with the NOSCP in the Nigerian Petroleum Sector by embarking on joint investigation visits, ensuring the remediation of impacted sites and monitoring oil spill drill exercises and facilities inspections.



#### Objectives of NOSDRA

- i. To establish a viable national operational organisation that ensures a safe, timely, effective, and appropriate response to major or disastrous oil pollution.
- ii. To identify high-risk as well as priority areas for protection and clean up

- iii. To establish the mechanism to monitor and assist or where expedient direct the response, including the capability to mobilize the necessary resources to save lives, protect the threatened environment, and clean up to the best practical extent of the impacted site.
- iv. To maximize the effective use of the available facilities and resources of corporate bodies, their international connections and oil spill cooperatives i.e., Clean Nigeria Associates (CNA) in implementing appropriate spill response.
- v. To activate the National Oil Spill Contingency Plan (NOSCP) and Regional Oil Spill Contingency Plan (ROSCP).
- vi. To ensure funding, appropriate and sufficient pre-positioned pollution combating equipment and materials, as well as functional communication network system required for an effective response to major oil pollution.
- vii. To provide a programme of activation, training, and drill exercises to ensure readiness to oil pollution preparedness and the management of operational personnel.
- viii. To co-operate with the International Maritime Organisation and other national, regional, and international organisations in the promotion and exchange of results of research and development programme.

See link [here](#)<sup>25</sup> for further details of the environmental regulations and the activities of NOSDRA.

- b. National Environmental Standards and Regulations Enforcement Agency (NESREA): NESREA was



established under the National Assembly Act of 2007. The Agency is responsible for the protection and development of the environment, biodiversity conservation and sustainable development of Nigeria's natural resources (in general and environmental technology). Furthermore, NESREA coordinates

and liaises with relevant stakeholders within and outside Nigeria on matters of enforcement of environmental standards, regulations, rules, laws, policies, and guidelines.

The agency enforces compliance to the provisions of international agreements, protocols, conventions and treaties on the environment including climate change, biodiversity conservation, desertification, forestry, oil and gas, chemicals, hazardous wastes, ozone depletion, marine and wildlife, pollution, sanitation and such other environmental agreements as may from time to time come into force.

The Federal Government through NESREA has developed about Thirty-three (33) Environmental Regulations which have been published in the Federal Republic of Nigeria Official Gazette. See link [here](#) for further details of the environmental regulations and the activities of NESREA.

<sup>25</sup> <https://nosdra.gov.ng/activities.php>

Example of special environmental programme and guidelines to address high impact environmental issues that arose from the industry is the Hydrocarbon Pollution Remediation Project (HYPREP).

HYPREP is designed for the remediation of Ogoniland<sup>26</sup>. The HYPREP implementation framework is modelled on the recommendation of the United Nations Environment Programme (UNEP) Report. To ensure proper stakeholder participation in the programme, four (4) *Ad hoc* committees were inaugurated on 24 May 2016 to commence preparation for activities on the cleanup project. These are Committee for the Centre of Excellence and the Integrated Contaminated Soil Management Centre; Committee for Training and Livelihood; Committee on Communication and Strategy; and the committee on Emergency Measures. Each Committee had 16 members who are representatives of local communities.

On 16th February 2017, the ground-breaking ceremony was performed for the construction of the Integrated Contaminated Soil Management Centre in Bori New City in Khana Local Government Area (LGA), Rivers State. In addition, twelve (12) projects for Demonstration of Clean-up Technology were launched in five LGAs. For further details of the activities of HYPREP, see link [here](#).

## 2. Department of Petroleum Resources (DPR)



DPR is statutorily responsible for ensuring compliance with petroleum laws, environmental regulations, and guidelines in the sector. DPR ensures that petroleum industry operators do not degrade the environment during exploration, production, and processing operations. The Department develops environmental guidelines and standards to effectively carry out these regulatory

activities.

Environmental initiatives administered by the DPR

- a. Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN): EGASPIN covers environmental control of various petroleum activities in Nigeria, including exploration, production, terminal operations, hydrocarbon processing plants, oil and gas transportation and marketing. The guidelines address the environmental issues along the industry value chain. The treatment and control of wastes are addressed under the following thematic areas:
  - i. Seismic activities: quarterly submission of the report to the DPR on the use of authorized explosives while specifying the method of carrying out seismic activities. In addition, noise and vibration associated with seismic operations are to be carried out in line with the guidelines.
  - ii. Exploration and Development: this addresses practices concerning required atmospheric emissions, handling of drilling fluids (such as water-based fluids and oil-based fluids), solid

<sup>26</sup> The remediation in Ogoniland, Niger Delta is to clean up the oil pollution.

wastes (such as drill cuttings, metals, and plastic containers), managing the deck drainage, sanitary wastes, oil spillage and chemical/hazardous wastes.

Furthermore, the EGASPIN defined the Environmental Management System (EMS) which requires licensees/ operators to institute planned and integrated environmental management practices aimed at ensuring that unforeseen, identified, and unidentified environmental issues are contained and brought to an acceptable minimum. The EMS is implemented in line with the Environmental Management Systems Manual (EMSM). The manual requires that organisations operating in the sector should establish the following environmental frameworks:

- i. Develop environmental policy and ensure that the policy is appropriate to the nature, scale and environmental impacts of its activities, products, or services. This includes a commitment to continual improvement and prevention of pollution and to comply with relevant environmental legislation and regulations, and with other requirements to which the organisation subscribes. The policy is to provide the framework for setting and reviewing environmental objectives and targets.
- ii. Plan and identify the relevant environmental issues peculiar to the organisation by establishing and maintaining procedures to identify direct and indirect significant aspects on impacts on the environment, aligning with legal and other requirements that apply to the activities, products or services of the organisation, and setting up environmental management programmes to achieve environmental objectives and targets.
- iii. Implement and operationalize the environment policy by defining, documenting, and communicating in-house structure and responsibility that facilitate effective environmental management while ensuring training, awareness, and competence amongst its workforces. Others include ensuring effective communication, documentation and operational control, and emergency preparedness and response.
- iv. Check and initiate corrective actions by setting up a mechanism for monitoring and measurement, and taking proactive actions on non-conformance, corrective and preventive action using proper records and regular environmental management system audits.
- v. Review the environmental management system at regular intervals to ensure its continued suitability, adequacy, and effectiveness.

There are also mechanisms for receiving timely feedback from the environment as part of measures to ensure proper implementation of the environmental policy established by the licensees/operators.

The EMSM identified environmental audits and review as the key mechanism to obtaining feedback from the audit. Environmental audits include management audits (every four years), quarterly compliance audit and site/ facility/ plant audit (every 2 years). These audits, which can be 1st, 2nd and /or 3rd party audits, are carried out by competent and certified auditors registered by the DPR. The audit reports as well as the list of the environmental audits carried out by the licensees/ operators are expected to be submitted to the DPR. See [here](#), for further details on the EGASPIN.

- b. Flare Gas (Prevention of Waste and Pollution) Regulation promulgated in 2018 by the National Assembly is administered by the Gas Division of the DPR under the Nigerian Gas Flare Commercialization Programme. The regulation provides a new legal framework to support the policy objectives of the Federal Government for the reduction of Green House Gas (GHG) emissions through the flaring and venting of natural gas.

The regulation increased the initial meagre flare payments (penalties) of N10 per thousand standard cubic feet, in the case of anyone producing 10,000 barrels of oil or more, to US\$2.0 per thousand standard cubic feet of gas and, in the case of anyone producing less than 10,000 barrels of oil per day, to US\$0.50 per thousand standard cubic square feet of gas.

Furthermore, the regulation introduced mandatory additional payments by the producer of US\$2.50 per thousand standard cubic feet of gas for:

- ñ Failure to produce accurate flare data.
- ñ Failure to provide access to flares or flare sites.
- ñ Failure to sign a Connection Agreement.

In the event of continuous or egregious breaches, there is a possibility of suspension of operations or termination of the producer's license. Furthermore, the regulation will help discourage gas flaring while encouraging flared gas to be passed-on for commercial purpose—thereby creating a win-win situation. See link [here](#), for further details of the activities of the Nigerian Gas Flare Commercialization Programme (NGFCP).

## **6.6. Assessment of the Environment by the IA**

The EITI Standard 2019 introduced new requirements for reporting environmental payments and environmental monitoring. The following activities were performed to meet the requirement of the Standard.

- a. Literature review on the regulatory agencies and regulations on the environment in Nigeria.

- b. Environment Data templates were designed and distributed to the CEs—this was structured to capture data in three (3) categories namely, Environmental Impact Assessment (EIA), Environmental Monitoring & Evaluation (EME), and Environmental Disaster Management (EDM).
- c. Analysis of populated templates on the environment to establish environmental payments as well as collecting agencies.
- d. Focus study/ clarification on the environment was sought from entities.

### Key findings and recommendations

- 1) Table 81 shows the total payments reported by companies on the environment.

**TABLE 81: SUMMARY OF ENVIRONMENT PAYMENT**

Description	EIA			EME		EDM				
	No of Reporting Entities	Cost		Total payments		No. of occurrence			Payments to govt (US\$)	Payments to communities (US\$)
		US\$	NGN	US\$	NGN	Water	Air	Land		
Total	22	480,525	154,484,423	2,420,268	33,190,931	62	4	17	102,850	143,074

Source: NEITI 2019 Template

The data collected on EIAs shows that companies conducted a total of 22 EIAs in 2019. In some cases, the costs associated with these EIAs were denominated in US Dollars and other cases in Naira. The total US dollar expenditure on EIAs was US\$480,525 and the total Naira expenditure was N154,484,423.

Furthermore, the fees and other costs associated with environmental monitoring and evaluation in 2019 was also partly incurred in US Dollars and partly in Naira. The total was US\$2,420,268 and N33,190,931, respectively.

A total of 85 incidents were reported, consisting of 64 incidents of air pollution, 4 spillages in water and 17 spillages on land. The payment to the government was US\$102,850 and payment by one company to local communities was \$143,074.18.



- 2) The result from focus study/ clarifications on environment sought from entities are summarized in the assessment grid below.

**TABLE 82: SUMMARY OF ASSESSMENT FEEDBACK ON THE ENVIRONMENT MONITORING**

S/N	Description	Key Performance Indicators (KPI)	The basis for IA's Evaluation	Findings	Recommendation
1	EGASPIN: Thematic Activities	Frequency of Reporting a) Seismic activities: quarterly submission of the report. b) Exploration and Development: reporting on drilling practices.	DPR feedback on exploration and development activities.	DPR tracked environment data along the exploration value chain. This includes seismic data acquisition, FDPs and Well activities.	DPR to sustain reporting framework.
2	EGASPIN- Environmental audits	Frequency of Audit a) Management Audit- Every four years b) Compliance Audit- Quarterly c) Site/ Facility/ Plant Audit- Every 2 years NB: These audits can be 1st, 2nd and /or 3rd party audits.	DPR/ Entities feedback on audit Reports submitted by licensees/operators to DPR. Also, the list of environmental audits carried out by the licensees/operators.	DPR confirmed that environmental audits were carried out.  See Appendix 22-DPR HSE Activities Audit for the Industry	DPR to sustain reporting and encourage systematic disclosure in line with the requirement of the EGASPIN.
3	Oil Spills and Other environmental incidences	Frequency of Occurrence	NEITI returned templates by companies.  The template covers ñ Environmental Impact Assessment ñ Environmental Monitoring and Evaluation ñ Environmental Disaster Management	A total of 85 incidents involving environmental damage were reported by companies in the NEITI templates. These are a) Water -64 incidents b) Air- 4 incidents c) Land- 17 incidents	NOSDRA to sustain implementation of incidence management in the sector.

S/N	Description	Key Performance Indicators (KPI)	The basis for IA's Evaluation	Findings	Recommendation
4	Flare Gas (Prevention of Waste and Pollution) Regulation promulgated in 2018	Quantity of flare gas	NEITI Returned template on Flare Gas Payment.	<p>A total of 264,732mmscf was Gas flare in 2019. This was 0.8% lower than 2018 (266,869mmscf).</p> <p>The revenue from Flare Gas payment was significantly higher from US\$15.4million in 2018 to US\$307.496million in 2019.</p> <p>See Appendix 24: Schedule of Flare Gas Payment.</p>	DPR to sustain implementation of the regulation.

Source: NEITI 2019 Focus Study and Review

## CHAPTER 7

### 7. Outcomes and Impact

#### 7.1. Updates on Past Recommendations from NEITI 2018 Oil and Gas Report

NEITI reports in the past have identified issues that required the attention of stakeholders. Because of the NNPC's strategic role in the industry, a significant number of the issues were to be addressed by them. Consequently, NEITI and the NNPC set up a joint committee on remediation and mainstreaming to tackle the challenges identified. The report of the joint committee was approved by both managements. The decisions from that exercise along with findings during the preparation of this report has been used to update the issues as enumerated in Table 83.

**TABLE 83: UPDATE ON PAST RECOMMENDATIONS FROM NEITI'S REPORT**

S/N	Issues	Details of the Issue	Recommendation	Status of Implementation (Yes/No/Ongoing) <sup>27</sup>
1	Operation & Management of Cash-calls	Non-JV Cash call expenses and outstanding Cash-calls liabilities.	There should be full implementation of the new JV self – funding model that has been approved (Agreement between NNPC and International oil company -IOCs).	<p><u>Yes</u></p> <p>Following extensive discussion with NNPC, it has become apparent that while NEITI had hitherto considered funding for cash call as funding to be applied only to the development of JV assets, cash call was made to include NAPIMS administrative costs and funding of other government priority projects.</p> <p>On renegotiated liabilities, payments are made using incremental production as agreed. As at March 2019, the local JV liabilities had been paid 100%. By the end of 2019 legacy liabilities owed to Mobil had also been paid 100%.</p>

<sup>27</sup> Yes, means actions have been initiated and significantly resolved; No means no actions yet; and Ongoing, means actions have been initiated but not fully resolved.

				<p>In total, the sum of US\$1.505billion was paid to IOCs during the year, leaving a balance of \$1.900billion as of 31st December 2019.</p> <p>NNPC also confirmed that transitory accounts have been opened for all the four IOCs plus three Indigenous companies, seven indigenous companies still in process. All these are measures taken by NNPC - NAPIMS to ensure the full implementation of the self-funding model.</p>
2	Losses from Crude Theft and Sabotage	Incessant crude losses in the industry	<p>a. NNPC should ensure proper surveillance (land-based, and aerial satellite photography and geo-phones trenched pipelines) to minimise vandalization and crude oil theft, and the pipeline networks need to be updated.</p> <p>b. The Federal Government needs to ensure the success of oil and gas industrial parks in the Niger Delta region; this will ensure the development of oil and gas infrastructure in the oil-producing states. It will create employment for the populace in the Niger</p>	<p><u>Ongoing</u> NNPC explained that there are recent efforts by both the Federal Government and NNPC in collaboration with security agencies, in ensuring the safety of pipelines, both crude and refined products pipeline.</p> <p>In addition, Operation White was carried out recently by NNPC to minimise losses for products theft and sabotage.</p>

			Delta.	
3	First-line deductions from federation domestic crude sales proceeds	<p>NNPC classifying downstream deductions as first-line charges.</p> <p>Downstream deductions include the cost of pipeline repairs and maintenance, cost of under-recovery and cost of crude and product losses.</p>	<p>a. A periodic audit by the federal government to verify the utilization of amount deducted for pipeline maintenance and repairs should be undertaken.</p> <p>b. The government should consider the following options:</p> <ul style="list-style-type: none"> <li>i. Allocating specific crude volume to NNPC to cater for their operational costs.</li> <li>ii. Consider a specific percentage of their revenue collection to cater for their costs.</li> <li>iii. Define the ceiling to be expended in defraying their costs.</li> </ul>	<p><u>Ongoing</u></p> <p>NNPC still deducts from the sales proceeds of domestic crude oil. Deductions are in the form of under-recovery (utilized as a mechanism for providing subsidy on PMS imported for domestic use), payments for pipeline repairs and maintenance and payments for crude and product losses. Some amounts were appropriated for these expenditures in the approved budget for the year, however, the amounts deducted by the end of the year were over and above-appropriated sums.</p>
4	NLNG Dividend, Loan repayment and interest payment	NLNG dividend and related payments are being warehoused in NNPC designated bank accounts and not Federation accounts.	The Federal Government should make a public pronouncement on the treatment of all categories of payments from NLNG	<p><u>Yes</u></p> <p>Documentary evidence showing what NLNG income should be used solely for (As directed by the Presidency) was made available for sighting. The statement of status and utilization of funds from the account was made available. Furthermore, the OAGF has also provided evidence to the Presidential Revenue Monitoring and Reconciliation Committee (PRM&amp;RC) managed by the Budget Office that shows the funds initially utilized for the NLNG investment came from the Federal Government and</p>

				not the Federation.
5	Signature Bonus	<p>Payment of license renewal fees into the signature bonus account.</p> <p>The non-classification, in some instances, of payments into this account made it difficult to ascertain the purpose of some payments.</p>	<p>Henceforth, companies should properly classify payments made into the signature bonus account.</p> <p>In addition, DPR may consider opening a separate account for license renewals to ensure accountability.</p>	<p><u>No</u></p> <p>In 2019, license renewals were still paid into the signature bonuses account. However, DPR clarified inflows into the account.</p>
6	Pipeline transportation revenue	<p>Non-disclosure of revenue from pipeline transportation by NNPC.</p>	<p>NNPC and SPDC should provide the basis for the computation of amount payable to ensure that the government receives what is due while NNPC should account for the difference.</p>	<p><u>No</u></p> <p>The basis for the computation of transportation revenue payable is yet to be provided in the NEITI reporting templates by the JV companies.</p> <p>The JVs explained that there are no uniform bases, and the rates depend on negotiation with the customers.</p> <p>The IA is of the view that the NNPC should drive the JV operators to ensure full disclosure.</p>
7	Delays in the preparation audited financial statements	<p>This has an implication on the quality of data in line with established data quality assurance procedures for the Report.</p>	<p>It is recommended that the Corporate Affairs Commission (CAC) ensures the enforcement of this section of the Law.</p>	<p><u>Ongoing</u></p> <p>This issue was further heightened by the COVID-19 pandemic.</p>

8	Delay in remittance of net domestic crude sales proceeds to the federation account	The opportunity cost of the delay is N17.5 billion. It is evident that the NNPC consistently delayed in remitting sales proceeds from crude oil proceeds based on the terms of the sales of ninety 90 days.	NNPC to ensure that payments are made as and when due.	<u>Yes</u> NNPC explained that delayed remittance of domestic sales proceeds was primarily attributed to the long-standing practice of bundling domestic sales proceeds remittances with the monthly Federation Accounts Allocation Committee (FAAC) remittances which are driven by the FAAC meeting schedule. However, NNPC transitioned to electronic remittance effective March 2020 liftings, thereby reducing the payment cycle. Furthermore, efforts were on-going to effect necessary internal process changes to ensure timely payment going forward.
9	Under-utilization of the National Refineries	Of the total quantities of crude allocated for domestic utilization, only 13% (13.581 million barrels) was delivered to and utilized by the refineries. This implies that the	The Federal Government should evolve innovative ways of optimizing the utilization of existing refineries.	<u>Yes</u> NNPC explained that strategies have been put in place for the comprehensive rehabilitation of all the nation's refineries by Engineering, Procurement and Construction (EPC) contractors through a restrictive tendering process.

		refineries operated at only 8% <sup>28</sup> of installed capacity.		<p>Update for each refinery is as highlighted below:</p> <p>a. PHRC: Invitation to tender has been issued to shortlisted EPC contractors through Nigerian Petroleum Exchange (NIPEX) Portal and Bids submission is expected on/before November 23, 2020. The Invitation is for both old Port-Harcourt Refinery and new Port-Harcourt Refinery, with a combined capacity of 210,000bpsd towards achieving a minimum of 90% capacity utilization.</p> <p>National Engineering &amp; Technical Company Limited (NETCO)/KBR Inc. engaged as Project Management Consultant/Owner's Engineer (PMC/OE), while top management approval secured for engagement of Refinery Project Coordinator (RPC) for the progress of the rehabilitation project.</p> <p>b. WRPC: Plant was shut down in July 2019 for major rehabilitation. Phase 1- technical audit is ongoing to establish a</p>
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<sup>28</sup> 8% is the percentage of 2018 refinery deliveries (13.581million barrels) against total expected input capacity level (160.2million barrels).



				<p>detailed Scope of Work (SoW).</p> <p>c. KRPC: NETCO/KBR Inc. engaged as PMC/OE for the technical audit and Rehabilitation of KRPC. Management kick-Off meeting between KRPC and NETCO/KBR Inc. held on 13/10/2020, while the technical kick-off meeting was scheduled for 27/10/2020.</p>
10	Oil and Gas revenue budget presented on a net basis	<p>The NASS approved budget revealed that no line-item provision for cash call was made and the total expected oil revenue was disclosed on a net basis.</p> <p>That is differentials of total oil revenue and cost recovery.</p>	<p>It is appropriate that NNPC presents the oil and gas budget on a gross basis (total receipt, total payments, and net surplus/deficit). This follows the full disclosure requirement of IPSAS 24—Presentation of Budget Information in Financial Statements.</p>	<p><u>Ongoing</u></p> <p>NNPC explained that its financial reporting is based on the International Financial Reporting Standards (IFRS) which has no recourse to IPSAS on Budget preparation.</p> <p>However, the IA opines that NNPC should ensure compliance with IPSAS on budget preparation. The budget should be prepared and presented to the National Assembly on a gross basis. This will further drive transparency and enhance budget performance review.</p>
11	Computation of Under Recovery by the NNPC.	<p>NNPC deducted the sum of N722.256billion as Under Recovery cost in 2018. The cost is incurred when the government augments the landing cost of</p>	<p>The Report proposes that the PPPRA, an agency of government with the mandate (by Law) and requisite capacity, to participate in the under/over recovery computations. This collaboration provides a</p>	<p><u>Yes</u></p> <p>NNPC confirmed that under-recovery ended in March 2020. This was confirmed by the NNPC GRC.</p> <p>Furthermore, NNPC provided all under-recovery computations on monthly basis to the Federation</p>

	imported white products (PMS) to the country. The recovered sums are determined exclusively by the NNPC.	form of check and balance. It will improve the overall transparency and accountability required by the process.	Accounts Division of Finance. The Accounts Directorate liaises with third parties for their review and concurrence.
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## 7.2. Observations and Recommendations for 2019

**TABLE 84: OBSERVATIONS AND RECOMMENDATIONS FOR 2019**

S/N	Observations/ findings	Implication	Responsibility	Entity's Response	Recommendations
1	Transportation Revenue from JV operators	<p>A total of US\$455.15million was reported as transportation fees by two (2) JV companies. Of this amount, NNPC confirmed US\$334.34million.</p> <p>This implies that a total of \$120.81million could not be confirmed. This comprises US\$55,468.84 and N37.002billion (US\$120.755million using N306.42/US\$).</p>	NNPC	Reconciliation with relevant companies is ongoing and will be concluded.	NNPC should carry-out detailed reconciliation. This should be done regularly as a mechanism for checks and balances.
2	Oil and Gas revenue budget presented on a net basis	The NASS approved budget revealed that no line-item provision for cash call was made and the total expected oil revenue was disclosed on a net basis. This poses challenges of carrying-out budget performance review from the perspective of comparing the	OAGF		The Report proposes that the OAGF, an agency of government with the mandate (by Law) and requisite capacity, to advise the NNPC to prepare its budget on a gross basis by stating the gross revenue and the costs. It will improve the overall

S/N	Observations/ findings	Implication	Responsibility	Entity's Response	Recommendations
		approved national assembly budget with the actual cash call.			transparency and accountability required by the process.
3	<p>Entities reporting crude losses (due to metering error, theft, and sabotage) higher than fiscalised production.</p> <p>ñ D Western reported the crude loss of 2.306mmbbls which is 158.10% of its fiscalised production of 1.459mmbbls.</p> <p>ñ horeline reported the crude loss of 7.474mmbbls which is 153.12% of its fiscalised production of 4.881mmbbls.</p>	Companies reporting crude losses higher than fiscalised production implies that the Federation is losing benefits from the production arrangement.	Companies & DPR	DPR explained that measurement error refers to losses due to application of estimated Meter Factor, non-application of Volume Correction Factor (VCF) determination and/or improper determination of Base Sediment and Water (BS&W). There is continuous monitoring.	DPR should ensure that Terminal operators take necessary steps to remedy the situation so that losses from metering can be eliminated or minimised.
4	<p>Outstanding Liabilities</p> <p>The report reveals companies with outstanding liabilities as of 2019 year-end. For details, see Appendix 13</p>	The non-payment of these funds as and when due.	Companies		Respective government agencies to intensify efforts to recover the debt.

S/N	Observations/ findings	Implication	Responsibility	Entity's Response	Recommendations
	Financial Liabilities in 2019 (Companies).				



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