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TEMPLARS Transcripts: Energy & Natural Resources Digest

Oil and Gas

Nigeria

- **NNPCL acquires 20% interest in Nigeria's Proposed First Floating LNG Project**

Nigerian National Petroleum Company Limited (NNPCL) and UTM recently signed a Head of Terms (HoT) agreement for NNPCL's acquisition of a 20% stake in UTM FLNG Ltd, the project company undertaking the development of Nigeria's proposed first indigenous floating LNG facility.

The agreement signifies a step towards bolstering Nigeria's energy security and promoting the utilization of its abundant gas resources.

When completed, it is expected that the facility will produce around 1.7mmtpa of LNG for export and 300,000 metric tonnes of LPG to be fully dedicated to the domestic market. The project will remarkably reduce gas flaring, support Nigeria's commitment to carbon reduction, create job opportunities and contribute to economic growth.

TEMPLARS are legal advisers to the project promoters, UTM. The Templars team on this transaction is led by Yemisi Awonuga and Dayo Okusami, Partners and Co-Heads, Energy and Natural Resources Practice.

- **NMDPRA Introduces Additional Regulations in Line with the Petroleum Industry Act (PIA) 2021**

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) has issued four additional regulations pursuant to the Petroleum Industry Act, 2021. The additional regulations are aimed at addressing the environmental and safety concerns in the midstream and downstream petroleum sector.

The newly issued regulations are:

- a. Midstream and Downstream Petroleum Environmental Regulations, 2023.
- b. Midstream and Downstream Petroleum Safety Regulations, 2023.

- c. Midstream and Downstream Decommissioning and Abandonment Regulations, 2023.
- d. Midstream and Downstream Environmental Remediation Fund Regulations, 2023.

TEMPLARS will issue client alerts analyzing these regulations shortly.

- **The Nigerian Upstream Petroleum Regulatory Commission Releases Draft Assignment of Interests Regulations, 2023.**

In July 2023, the Nigerian Upstream Petroleum Regulatory Commission (the "**Commission**") released the Draft Nigerian Upstream Petroleum Assignment of Interests Regulations, 2023 (the "**Draft Regulations**") with the aim of setting out the procedure for the assignment of interest in a license or lease in the oil and gas industry.

The Draft Regulations also seek to repeal the Guidelines and Procedures for Obtaining Minister's Consent to the Assignment of Interest in Oil and Gas Assets, 2021 (the "**Consent Guidelines**") and expands the scope of licenses and leases to which the consent requirements cover.

TEMPLARS will be issuing detailed analysis of the Regulations once it is issued in a final form and published in the Federal Republic of Nigeria Gazette.

- **Nigeria Content Development and Monitoring Board (NCDMB) Set to Issue Policy on In-country Manufacturing.**

The Nigeria Content Monitoring Development Board (the "**NCDMB**") recently announced that it would soon issue policy directives on in-country manufacturing capabilities of pumps, flanges, valves, gaskets, bolts, and nuts for use within the upstream oil and gas industry.

The NCDMB made the revelation following a report from the industry-wide implementation committee for in-country manufacturing of pumps, valves, flanges, gaskets, bolts, and nuts (the "**Committee**"). The NCDMB noted that the essence of the proposed policy directive is to improve local content and the Nigerian economy.

Ghana

- **Tullow Ghana Announces Successful Commencement of Production from the Jubilee Southeast Project.**

Tullow Ghana Limited has, alongside its joint venture partners (Kosmos Energy, Ghana National Petroleum Corporation, Petro SA and Jubilee Oil Holdings), announced the commencement of production of oil and gas from the Jubilee South East (**JSE**) project which forms part of the Greater Jubilee oil field located offshore Ghana.

The first and second JSE production wells which were brought onstream on 14 July and 17 July respectively have caused the gross production from the Jubilee field to surpass 100,000 bopd. These wells have increased production rates by approximately 50% compared to the first half of 2023.

Tullow and its partners plan to maintain this increased level of production at Jubilee over the next few years through an ongoing infill drilling programme. Two further producers and one water injector are expected to be operationalised this year to help sustain gross production in the Jubilee field.

- **Sentuo Oil Refinery to start test run in August 2023.**

The Sentuo Oil Refinery, which was conceived from the Chinese government's Belt and Road Development Strategy for the oil and gas industry in China and Africa, is expected to begin full operation in January 2024 with the first phase expected to commence in August 2023. Upon

completion, the refinery is expected to process up to two million metric tons per year in Phase One, which would later be scaled up to five million metric tons per year once the second phase is completed.

The project which is located in the Tema Industrial Zone and falls under the Ghanaian government's "One District One Factory" (1D1F) initiative, will produce 5 million tons of all types of Crude Assays Per Annum, with an output of 3.2 million tons of refined petroleum products such as gasoline, kerosene and diesel of high quality above the Euro IV Standard. In addition, the refinery will produce 350,000 tons of a series of pitch products, 200,000 tons of lubricating base oil and solvent naphtha and 400,000 tons of by-products such as polypropylene, liquefied gas, ammonium sulphate, sulfuric acid and sulphur when the refinery is fully operational.

Power

- **Elektron Energy Breaks Ground on the First of its Kind 30MW Victoria Island Power Plant Project**

Elektron Energy Development Strategies Limited (Elektron) has broken ground on the first of its kind 30MW Victoria Island Power Plant Project in an effort to increase the reliability of the power supply in Lagos.

Once completed, the embedded Independent Power Plant (IPP) will supply uninterruptible electricity to identified customers within Lagos state's Victoria Island franchise area via dedicated 33kV and 11kV distribution networks. The project is regarded as the first of its kind because a natural gas IPP will be directly embedded into Disco's distribution network for supply to identified end-user customers.

The IPP also fits directly into Nigeria's net-zero targets and energy transition plan, as it seeks to displace the dirtier diesel-fuelled generators with cleaner gas-fired generation; the project has the potential to eradicate up to 1000 diesel generators within its coverage area, drastically reducing emissions and promoting a greener environment removing the equivalent of 9,000 tonnes of CO₂ from the environment per month.

The project has ARM-Harith Infrastructure Investment Limited as a co-equity sponsor, Eko Electricity Distribution Plc as the connection/distribution service provider, FBNQuest, Bank of Industry Limited (BOI), InfraCredit as debt providers, and Wärtsilä as technical partners.

TEMPLARS are legal advisers to Elektron. The Templars team on this transaction is led by Dayo Okusami, Partner and Co-Head of the Energy and Natural Resources practice, and Desmond Ogba, Partner in the Energy and Natural Resources.

- **Ikeja Electric Plc (IE) signs a Memorandum of Understanding with two Original Equipment Manufacturers (OEMs)**

Ikeja Electric Plc (IE) recently signed a Memorandum of Understanding with two renowned Original Equipment Manufacturers (OEMs), Messrs Kabelmetal Nigeria Plc and Nigerchin Limited, for the supply of customized electricity cables for its network.

The strategic partnership is the first of its kind in the Nigerian Electricity Supply Industry (NESI), where manufacturers would enter into a commitment to supply customized cables to Distribution Companies.

- **Bill seeking to release Five Percent of the Revenue Accruing from GENCOs to host communities Passes Second Reading**

Recently, a bill titled 'A bill for an Act to amend the Electricity Act, 2023 to address concerns of host communities and for related matters' (the "**Bill**") has passed through second reading at the House of Representatives. The Bill is seeking to release five percent of the revenue accruing

from electricity generated by Generating Companies (GENCOs) directly to host communities of the GENCOs.

The Bill seeks to include the Geregu Power Plant in the schedule of the GenCos in the country and discontinue the current framework for the release of the five percent host communities' fund to the Hydro Power Producing Areas Development Agency (HYPPADEC).

Renewable Energy

- **Energy Commission Targets 10% Integration of Renewable Energy into National Mix By 2030.**

The Energy Commission has indicated that it aims to achieve a 10 percent integration of renewable energy into Ghanaian households and commercial entities by 2030.

The Energy Commission has stated that renewable energy in Ghana has progressed from being less than one percent integrated into the national energy-electricity mix in the past to reaching about three percent at present. The goal is to increase this figure to 10 percent by 2030, focusing on modern forms of renewable energy such as solar, wind, biomass, and mini hydro.