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TEMPLARS Transcript: Energy & Projects

Oil and Gas

- **FGN to Commence Auction Process of 7 Deep Offshore Oil Blocks in November 2022**

The Nigerian Upstream Petroleum Regulatory Commission ("**NUPRC**") has disclosed that the federal government of Nigeria (the "**FGN**") intends to put deep water offshore oil and gas licences up for auction for the first time in 15 years.

According to Mr. Gbenga Komolafe, Chief Executive of the NUPRC, seven deep-water blocks located off the coast of Lagos, which are at depths ranging from 1,200 meters to 3,100 meters, will be the subject of licence bid rounds scheduled for November 2022.

The auction of deep offshore assets is part of the FGN's effort to increase oil and gas production which has significantly fallen to its lowest levels in recent times. Market analysts believe that the FGN has shifted its focus to deep-water assets to mitigate the impact of pipeline vandalism and crude oil theft which have plagued onshore and

shallow-water operations, particularly in the Niger Delta. Earlier this year, the NUPRC awarded petroleum prospecting licences to successful bidders following a marginal field licence bid process that began in 2020.

We expect the NUPRC to provide more information and publish guidelines for the bid deep-water licence bid rounds.

- **NUPRC relaunches Nigerian Gas Flare Commercialisation Programme**

The Nigerian Upstream Petroleum Regulatory Commission ("**NUPRC**") has relaunched the Nigerian Gas Flare Commercialisation Programme ("**NGFCP**") aimed at boosting

Nigeria's commitment to put an end to routine gas flaring within the next ten years and support the goals of the Nigeria Energy Transition Plan.

Earlier in 2016, the government launched the NGFCP to engage third-party investors or offtakers in harnessing gas produced as a by-product of oil production. The program was one of the government's initiatives to drive the country's goal of achieving zero routine gas flaring by 2035 and net zero emissions by 2060.

The NGFCP has been restructured to reflect current industry gas flaring situation, prevailing operational realities, and changes in the socio-economic landscape due to the passage of time since the NGFCP. According to the NUPRC, NGFCP 2022 presents a hybrid of opportunities for existing bidders and new investors to participate in this first-of-its kind flare auction programme. Existing applicants who submitted bids under NGFCP are deemed prequalified once they meet the status validation criteria.

- **OVH Energy exits Nigeria, divests its downstream assets to Nigerian National Petroleum Company Ltd.**

OVH Energy BV, a joint venture between Helios Investment Partners LP and Vitol has exited Nigeria via the sale of its 100% shareholding in OVH Energy Marketing Limited and ASPM Limited to a Nigerian company – Nueoil Energy Limited, a special purpose vehicle of NNPC.

Coming under the NNPC's Accelerated Network Expansion Programme, this acquisition adds OVH's downstream assets to NNPC including a reception jetty with 240,000 metric tonnes monthly capacity, eight liquefied petroleum gas plants, three lube blending plants, three aviation depots, twelve warehouses and other related businesses.

On this deal, OVH Energy was advised by the **TEMPLARS** team led by M&A partner, Zelda Akindele, with Yemisi Awonuga, co-head of the Energy practice group providing sector specific regulatory advice.

- **The Nigeria-Morocco Gas Pipeline (NMGP) takes off!**

The Nigerian National Petroleum Company Limited (NNPC) has signed a series of memoranda with the Economic Community of West African States (ECOWAS) Commission; the Mauritanian Hydrocarbons Company (SMH); Senegal's national oil company, Petrosen; and the Moroccan National Office of Hydrocarbons and Mines (ONHYM) **for the 7,000km Nigeria-Morocco Gas Pipeline.**

Set to become the longest offshore pipeline and second-longest pipeline in the world, the \$25 billion project, which will be constructed over six phases over the next 25 years, will connect Nigeria's immense gas supply to Europe through over a dozen countries along Africa's west coast, including Benin, Togo, Ghana, Côte d'Ivoire, Liberia, Sierra Leone, Guinea, Guinea-Bissau, Guinea-Conakry, The Gambia, Senegal, Mauritania, and Morocco.

It is worthy of note that Nigeria is also a participant in a competing project spearheaded by Algeria. Algeria, Niger, and Nigeria signed a memorandum of understanding in August 2022 for the construction of the 30 billion cubic meters per year (bcm/year) Trans-Saharan Gas Pipeline (TSGP) between Warri, Nigeria, and Hassi R'Mel, Algeria, via Niger. The US\$13 billion gas pipeline, which will connect

Europe to the three natural gas reserves of the three countries, will be 4,128 kilometres long, with 1,037 kilometres in Nigeria, 841 kilometres in Niger, and 2,310 kilometres in Algeria.

Power

- **Geregu Power becomes first power company to list on the Nigerian stock exchange**

Geregu Power Plc (GPP), was admitted to the main board of the Nigerian Exchange Limited, NGX, by way of listing in October 2022, with the admission of 2.5 billion ordinary shares of 50 kobo each at N100 per share on the Exchange.

GPP is the first Genco to be listed on the NGX Main Board, a listing segment reserved for well-established companies with a track record of success. The listing of Geregu's shares increased the NGX's market capitalisation by N2.5 billion, thereby increasing liquidity in the Nigerian capital market and providing opportunities for wealth creation.

Energy Transition and Renewables

- **Shell acquires Daystar Power**

Subject to regulatory approval, Shell has acquired Daystar Power, a Lagos-based power player which provides hybrid solar power solutions to commercial and industrial (C&I) clients.

This deal marks Shell first power acquisition in Africa and follows a thread of major acquisitions of renewable energy startups in Africa in recent times. In September, Bboxx announced its acquisition of PEG Africa; while, Starsight Energy, another Nigerian entity merged with South Africa's Solar Africa.

- **Nigeria's Energy Transition Plan: A journey towards equity, fairness and inclusion**

The Federal Government of Nigeria launched its Energy Transition Plan (ETP), designed to simultaneously tackle the challenges of energy poverty and the climate change crisis. This was further to the FGN's commitment at the UN Climate Change Conference (COP26) to achieve net-zero by 2060 and recent legislative and policy efforts designed to mitigate and adapt to the climate change crisis. Nigeria had earlier enacted the Climate Change Act, 2021 which provides a framework for mainstreaming climate change mitigating actions at a national level. A recent TEMPLARS publication analyses the ETP and declares it as a bold statement that demonstrates the seriousness with which Nigeria is approaching the climate action. [Read More.](#)

Quick Read:

- At TEMPLARS, we have been at the forefront of engagements with stakeholders involved in the interpretation and implementation of the Petroleum Industry Act, 2021. Energy practice Co-head, Yemisi Awonuga provides a high-level commentary on some of these engagements. [Read More.](#)