



NNPC GROUP » Energy in Brief

Moving forward, together

July/August, 2016 Edition, Vol. 6

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NNPC 12 Key Business Focus Areas

-  **Security**
-  **New Business Models**
-  **JV Cash Calls**
-  **Production & Reserve Growth**
-  **NPDC Growth**
-  **Gas Development**
-  **Refinery Upgrade & Expansion**
-  **Renewable Energy and Frontier Exploration**
-  **Oil & Gas Infrastructure**
-  **Ventures & Common Services**
-  **Professionalism & Accountability**
-  **Staff Welfare**

Focus on NNPC 12 Key Business Focus Areas

This edition of Energy in Brief brings to you a rundown of NNPC's Twelve (12) Business Focus Areas unveiled by the GMD NNPC, Dr. Maikanti Kacalla Baru, FNSE, in his drive to ensure growth and profitability of the Corporation.

Looking at the present challenges across the oil and gas industry, the Twelve (12) Business Focus Areas would provide a swift approach to addressing the various issues that confront NNPC from the immediate to short term so as to support the delivery of its mandate.

Recently, prevailing security situation in the oil producing communities in the Niger Delta

has pushed down National oil production to less than a million barrels per day.

The value of oil and gas infrastructure vandalized and the associated repairs and replacements costs have been on the increase. From January to June, 2016, about 1,447 incidences of pipeline vandalism were recorded.

In addition to the desire to overcome security challenges that bedevil the industry, The GMD has outlined other key growth enablers that must be pursued with unwavering commitment in order to move NNPC forward.


To be continued in the next edition.

Mega Filling Stations Hotlines

08057008021
08052195801
08100941174

Members of the public can provide useful feedback and intelligence on operations of our Mega and affiliate filling stations nationwide.

 @NNPCgroup

 www.facebook.com/NNPCgroup

Business Brief

Business brief continues with highlights of the 20Fixes Initiative achievements with focus on increasing efficiency which is key to maximizing the benefit of the current reform initiative across NNPC.

Stop the Bleeding; Shine the light; Increase Efficiency; Manage Performance and Push profitability



Shine the Light



Enhance transparency and accountability and Achieve zero tolerance for corruption

- Publish monthly financial & operational reports and Energy Brief to improve transparency of NNPC activities
- NNPC financial account backlog being audited to date (the first in 10 years)
- Hold Presidential Weekly Briefing, Weekly Executive Meetings
- Televisе open bidding for products lifting
- Achieved 70% compliance on Assets Declaration by staff of the Corporation



Increase Efficiency

- Re-streamed all the 3 refineries in December 2015
- -PHRC restreamed after repairs of vandalized pipeline and WRPC on with crude supply by vessels
- Progressed on co-location initiatives to expand refinery capacity to 695kbopd
- Commenced engagement with Shell, Chevron and Total for technical partnership/support in the refineries
- Redefined the refineries business to a profit center model



Crude and Condensate Production June, 2016

53.07 Million Barrels of crude oil and condensate was produced for the month of June 2016 representing an average daily production of 1.77 million barrels being an increase of 1.39 % compared to May, 2016 performance.



Domestic Products Sales & Distribution July, 2016

876.18 Million Litres of petroleum products was distributed in July compared with 860.46 million litres in June, 2016.



FAAC Payments update

₦36,555,981,451 FAAC payment for month July, 2016



For more information on NNPC YTD performance, Visit: <http://nnpcgroup.com/NNPCBusiness/BusinessInformation/PerformanceData/MonthlyPerformanceData.aspx>

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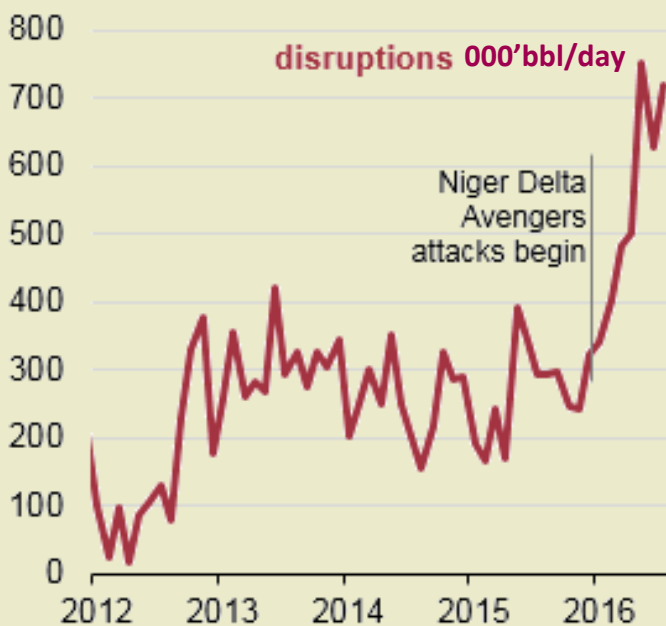
Dr. Maikanti Kacalla Baru, GMD NNPC

Industry Watch

Recounting the costs of crude oil disruptions in Nigeria (2012-2016)

Disruption to Nigeria's crude oil production reached 750,000 barrels per day (b/d) in July 2016, the highest levels recorded since January 2009. This follows increased militant attacks on major oil and natural gas infrastructure in the country.

The Niger Delta Avengers (NDA) and others have been carrying out attacks on oil and natural gas infrastructure throughout the region.



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, August 2016 (www.eia.gov)



OPEC agrees landmark deal to cut oil production

After about forty eight (48) hours of grueling meeting of the Organization of the Petroleum Exporting Countries (OPEC) held in Algiers, Algeria; Member Countries agreed to a landmark deal that will effectively cut production to 32.5 million barrels per day from around 33.24 million, with levels of output for each member country to be determined in November 2016.

This will be the first time in eight (8) years that OPEC would be reaching such an agreement. This could be loosely tied to the role that has been played by member countries, including Nigeria, in refocusing OPEC to work harmoniously in identifying needs and challenges that are peculiar to the body and surmounting them. A key challenge being the low price of oil in the international market which has affected the global economy with most OPEC member countries feeling the heat.

OPEC member countries reached a consensus in the agreement where three countries are exempted from the production cuts and they include, Iran, which just had its economic sanctions lifted earlier in the year, Libya and Nigeria who have had some of their oil facilities damaged by terrorist attacks in recent months. It would be recalled that Dr. Emmanuel Ibe Kachikwu, Minister of State for Petroleum Resources, who led Nigeria's delegation at the meeting argued for the exemption of Nigeria from the production cut.

The concession was given considering the recent challenges the country has been through, due to vandalism of oil and gas infrastructure which has negatively impacted the country's ability to produce oil optimally in the recent past. This deal will obviously enhance the prospects for the energy industry with the impacts already being felt as oil price jumped more than 5 percent in New York after the agreement was reached.

July 2016 Financial Report: Despite N24.18bn loss, DSDP revenue surges

Although it recorded another loss worth N24.18billion in the month of July, the Nigerian National Petroleum Corporation (NNPC) also had some positive report from its management of the Direct Sale, Direct Purchase (DSDP) framework.

The DSDP framework, which was adopted in April to ensure supply of refined products in the country, earned an average \$53 million monthly saving for the Corporation. These savings, it said, had resulted to a total of \$336,379,854.98 for it in four months – April to July 2016.

According to the NNPC July 2016 monthly financial and operations report, the turbulence in the country's oil and gas sector had grossly impacted its activities in the month.

Nigeria's oil output to rise by 200kbpd in 2018

The GMD NNPC, Dr. Maikanti Kacalla Baru has projected a 200,000 barrels per day increase in Nigeria's crude oil production by the first quarter of 2018. This would be made possible with the commissioning of the Umbilical Flow-lines and Risers (UFR) for the Egina Deep Offshore Project, an event performed by the GMD At Saipem Operational Base in Port Harcourt, recently.

Vandalism: NNPC solicits traditional rulers' support

Recently, the GMD NNPC, Dr. Maikanti Kacalla Baru paid a courtesy call on the Oba of Lagos, HRM, Oba Rilwanu Akiolu I. During the visit, the GMD called on traditional rulers and members of their various communities to secure and protect critical national oil and gas facilities in their domain for the growth and development of the Nigerian economy. In his response, Oba Akiolu noted that he has told all the chiefs under his kingdom in the communities hosting NNPC pipelines and facilities that they would be held responsible for whatever happens to those assets.

Baru tasks NAPE on cost effective novel technology in Oil & Gas exploration

GMD NNPC, Dr. Maikanti Kacalla Baru has tasked members of the Nigerian Association of Petroleum Explorationists (NAPE) to champion a cost effective and novel technologies to enable the industry drill into deeper horizons. He made the call while speaking at a dinner organised to honour him by NAPE held at the Transcorp Hilton, Abuja, recently.

