



NAPE

**NIGERIAN ASSOCIATION OF
PETROLEUM EXPLORATIONISTS**

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COMMUNIQUE

of the Pre-Conference Workshop of the Nigerian Association of Petroleum
Explorationists (NAPE) on **"Recent Trends in Divestments and Acquisitions in the
Nigerian Oil and Gas Industry: Near and Long-term Implications"** held at Eko Hotel
& Suites Victoria Island, Lagos on Wednesday, November 5th, 2025.

The Workshop hosted a gathering of top industry executives, senior technical experts, and influential leaders from the upstream oil and gas sector, fostering collaboration and knowledge sharing among key stakeholders.

The major objective of the workshop was to harness global perspectives and industry expertise to address divestment challenges, unlock production potential, and drive economic expansion in Nigeria's oil and gas industry, ultimately propelling the industry forward.

Keynote Address

The keynote address was delivered by Mr. Ademola Adeyemi-Bero, Founder, Managing Director/CEO of First Exploration & Petroleum Development Company Limited. The title of his presentation was, **Recent Trends in Divestments and Acquisitions in the Nigerian Oil and Gas Industry: Near and Long-term Implications**. His presentation directly addressed the event's core theme, providing valuable insights into the industry's current landscape.

Other papers presented at the event included:

1. Building Local Capacity to Enhance the Future of Exploration & Production in the Nigerian Oil and Gas Industry by Prof. Gbenga Oluyemi, Professor, Robert Gordon University, Aberdeen, UK
2. Leveraging the Petroleum Industry Act (PIA) as a Catalyst for Energy Security and Sustainable Energy Strategy, by Mr. Oliver Onyekweli, Partner, McKinsey & Company
3. Financing Nigerian Oil/Gas Sector: Overcoming Financing Barriers & Exploring New Investment Frontiers, by Ms. Taiwo Okwor, VP Investments, AFC

Panel Discussion

The panel featured the presenters alongside distinguished industry experts, including Mr. George Osahon, FNAPE, Chairman of Energia Limited, and Dr. Layi Fatona, FNAPE Chairman of Renaissance Africa Energy Company Limited. The session was moderated by Mr. Toyin Akinosho, Publisher of the Africa Oil and Gas Report.

The Speakers critically examined the pressing issues of divestments and the local content capacity management strategies required considering the ongoing trend of International Oil Companies divesting their onshore and shallow-water assets. They noted that there is a need for indigenous companies to increase overall oil and gas field operations and asset development projects in order to arrest the current decline in production and subsequently meet the production target for 2030.

As a leading hydrocarbon economy, Nigeria must take proactive measures to address the challenges posed by divestments in the oil and gas sector, while also leveraging the emerging opportunities to drive sustainable economic growth.

The following is the communiqué arising from the presentations and discussions at the workshop.

Key Opportunities and Targets for Nigeria

1. Nigeria aims to achieve a \$1 trillion economy by 2030, targeting an 8-10% real per capita growth rate. The energy sector is poised to play a pivotal role in driving national prosperity and economic expansion.
2. Nigeria ranks 10th globally in oil reserves and 8th in gas reserves, underscoring its strategic importance in the

global energy landscape.

3. The government is driving a strategic shift from export dependence to developing in-country value chains, with the goal of strengthening fiscal resilience and promoting economic self-reliance.
4. Short-term goals (5 years) include ramping up oil production to 3.0 million barrels daily, enhancing gas utilization, stabilizing the Naira, and bolstering investor confidence.
5. Long-term goals (spanning 5-20 years) focus on shifting to a sustainable energy mix, enhancing energy self-sufficiency, and integrating climate and environmental policies into the nation's development plans.
6. Global Competitiveness: positioning Nigeria as a leading regional hub for the midstream and downstream petroleum sectors within the African market.
7. Financial institutions are showing renewed interest in oil and gas projects; however, their focus is on organizations with strong governance, credible partners, robust strategies, and bankable projects that offer low risk and high returns.
8. The industry landscape is undergoing a significant transformation, redefining the roles of NNPC, indigenous firms, and International Oil Companies (IOCs) to position oil as a catalyst for economic growth, rather than the sole source of revenue.

Challenges

1. Nigeria's low ranking on the Global Innovation Index highlights inadequate investment in education and research, underutilized universities, and persistent challenges in retaining talent in the oil and gas industry.
2. Operational costs remain approximately 40% higher than global benchmarks, while gas emissions intensity exceeds international standards by 82%, creating a carbon premium that undermines competitiveness.
3. Funding constraints, financial indiscipline, and a lack of diversified financing sources continue to restrict access to capital and discourage long-term investment in the sector.
4. Regulatory delays and slow guideline releases: The delayed gazetting of regulations and slow release of implementation guidelines are creating uncertainty and potentially eroding value. Notably, four PIA regulations including those related to upstream petroleum development contract administration and the upstream petroleum sector code of conduct & compliance have been pending for 28 months, leaving the country in limbo.
5. Regulatory instability persists; for example, certain provisions in the proposed PIA amendments may heighten uncertainty for investors, such as the dual role of NUPRC as both concessionaire and regulator. Additionally, potential overlaps in regulatory authority remain, particularly between NUPRC and NMDPRA on integrated upstream projects.

Recommendations

1. The integrity of the Petroleum Industry Act (PIA) reforms must be safeguarded through swift implementation, greater transparency, and consistent policy oversight to prevent value erosion and boost investor confidence. It is essential that all stakeholders, including government, the private sector, professional associations, and other interested parties—are actively involved in the decision-making process.
2. Governance and risk management frameworks need to be strengthened to lower perceived investment risks and encourage greater investor participation.
3. Regulators should prioritize human capital development in technical roles by implementing structured graduate

training programs at least every three years, offering globally competitive remuneration, clear career progression, and sustained motivation to build indigenous capacity.

4. Regulators should require companies to establish robust succession plans to ensure business continuity and long-term sustainability.
5. All upstream and midstream companies should be required to partner with at least one university, undertaking bi-annual geoscience and/or petroleum engineering projects in collaboration with the chosen institution.
6. Universities should be repositioned as innovation hubs, supported by key institutions such as the Petroleum Technology Development Fund (PTDF), Nigerian Content Development and Monitoring Board (NCDMB), and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).
7. Diversified funding mechanisms, including capital market financing, public-private partnerships, and carbon-credit financing, are crucial for attracting sustainable investment and enhancing sectoral liquidity.
8. Advanced technologies, including digital integration, enhanced oil recovery, and decarbonization initiatives, should be deployed to improve operational efficiency and reduce production costs.
9. The development of an integrated energy value chain will augment in-country value retention, fortify energy security, stimulate industrial growth, generate employment opportunities, and orient the sector towards a low carbon economy.
10. With the PIA's provision for extended service contracts (3+2 years), companies should engage top-tier teams and equipment from foreign service companies to ensure high-quality service delivery. This approach will support the anticipated increase in field operations, enhance operational efficiency, reduce budget overruns, and promote local participation for effective knowledge transfer.
11. Enhanced collaboration amongst government, industry, and communities is necessary to ensure increased and sustained oil production, environmental sustainability, and resilience to oil price fluctuations.
12. A stronger focus on competence, capacity, and collaboration is essential to expand energy access and drive inclusive industrial growth.
13. Companies should be incentivized to undertake exploration activities, and the 1977 definition of exploration wells, still referenced by regulators in recent years, requires redefinition. This is necessary to ensure that deep exploration defined as below 3 seconds on seismic or 3000 meters true vertical depth (TVD) is recognized and given full consideration as bona fide or full-fledged exploration.

Conclusion

Nigeria's oil and gas industry continues to be central to the nation's ambition of a \$1 trillion economy by 2030. While challenges in regulation, funding, and capacity development persist, ongoing reforms and strategic initiatives offer significant growth opportunities.

The sector's long-term sustainability hinges on the prompt implementation of the Petroleum Industry Act, improved transparency, diversified financing, and robust local capacity building.

By promoting innovation, adopting advanced technologies, and integrating low-carbon strategies across the value chain, Nigeria can reposition its oil and gas industry as a resilient engine of economic transformation, energy security, and lasting national prosperity.

Mr. Johnbosco Uche, FNAPE
President (2024 - 2025)

Mrs. Olajumoke Cecilia Ajayi, FNAPE
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