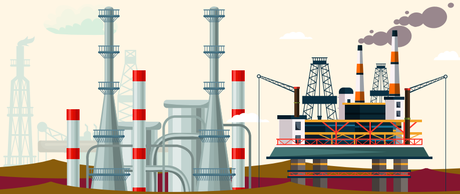
NEITI 2021 AUDIT REPORT

(OIL AND GAS)

THE PRESIDENCY

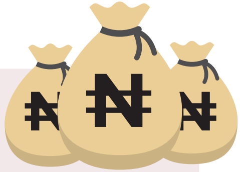
NEITI Nigeria Extractive Industries Transparency Initiative

NEITI 2021 AUDIT REPORT



1. What was the Oil & Gas Sector's Contribution to Nigeria's Economy in 2021?

Contribution to GDP



As reported by the National Bureau of Statistics, the oil and gas sector contributed 7.24% to the total real GDP of

US$434.17bn

Contribution to Exports

The oil and gas sector contributed

76.22%

to the total exports in 2021.

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2. Crude Oil Production

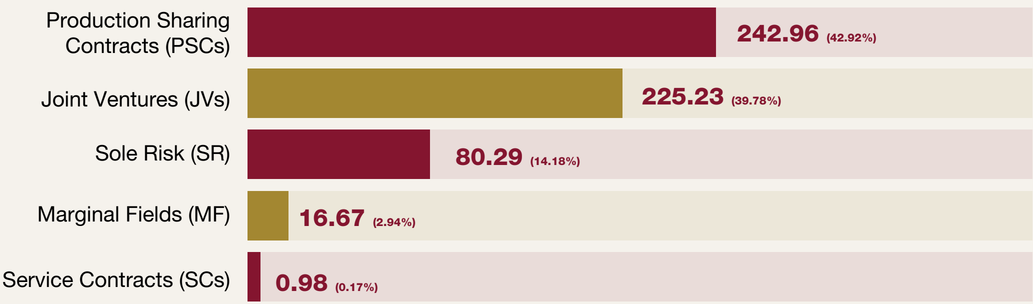
The total volume of crude oil produced in 2021 was reduced by

12%

from the volume that was produced in 2020.

Breakdown

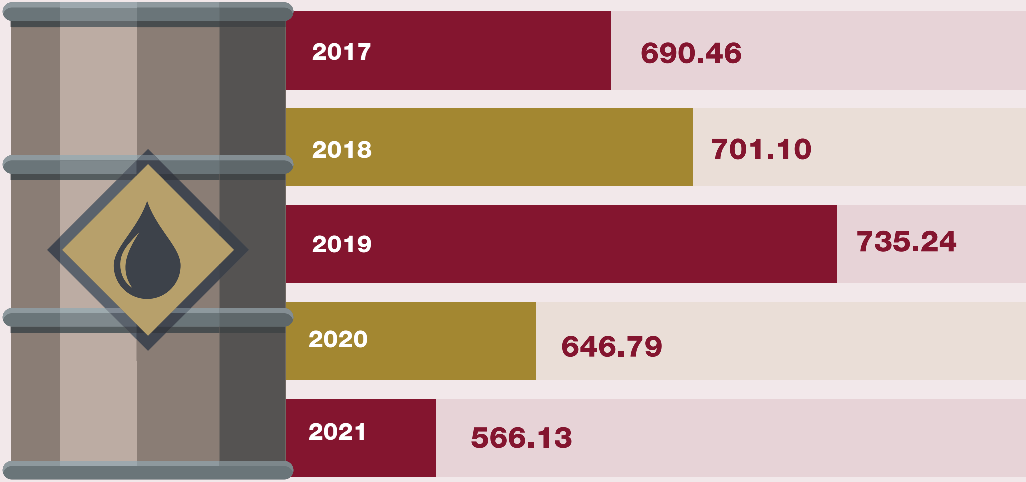
unit in Million Barrels



2. Crude Oil Production

Five-Year Trend of Crude Oil Production

unit in Million Barrels



3. Crude Oil Lifted

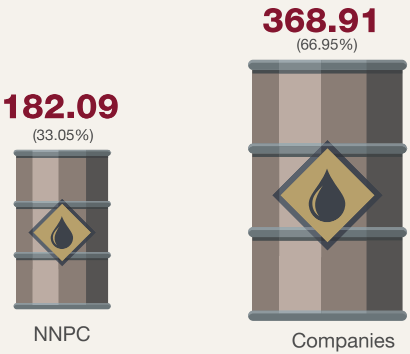
A total of

551.01m

of crude oil were lifted, this is a decrease of 15% from 648.49 million barrels that were lifted in 2020.

Breakdown

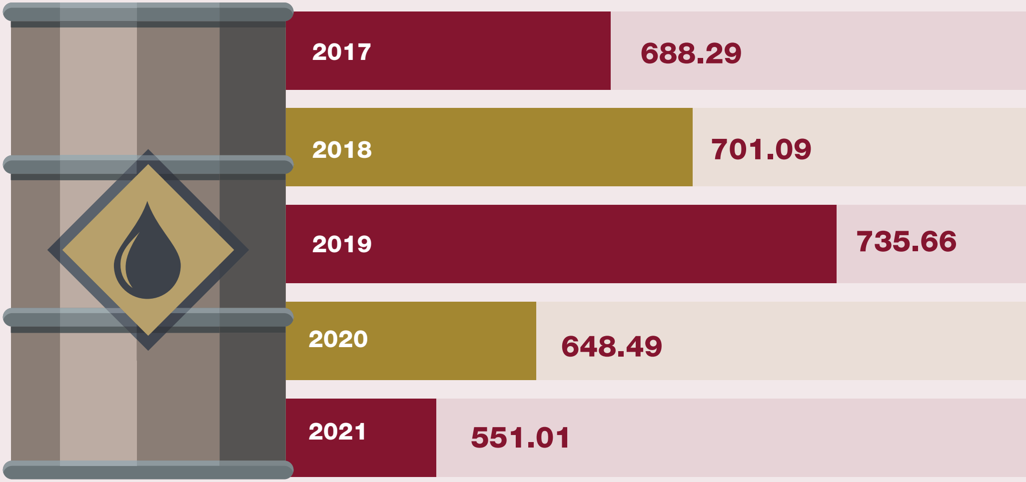
unit in Million Barrels



3. Crude Oil Lifted

Five-Year Trend of Crude Oil Lifting

unit in Million Barrels



4. Crude losses from Production

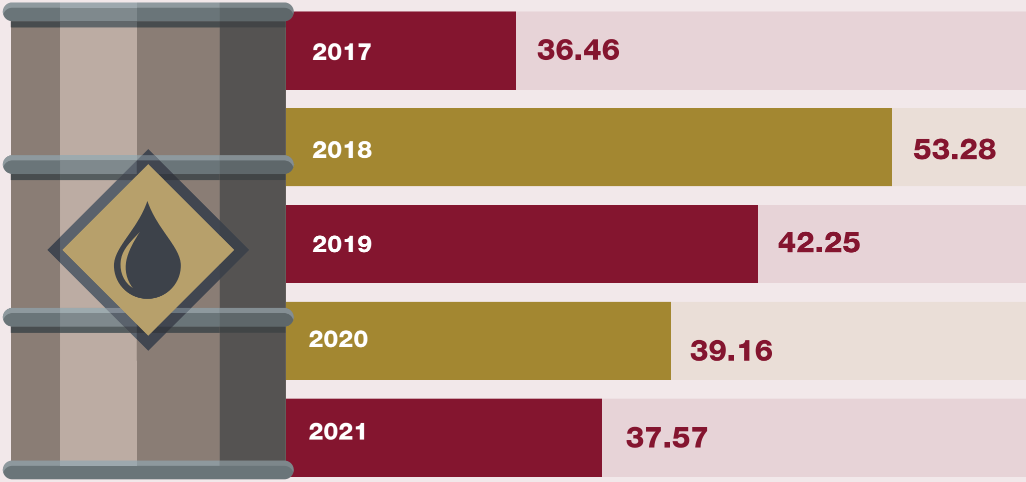
Crude oil loss due to theft and sabotage amounted to 37.57 million barrels valued at

$1.63bn

4. Crude losses from Production

Five-Year Trend of Crude Losses from Production

unit in Million Barrels

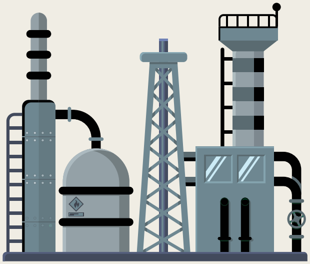


5. Gas production

The total volume of gas produced in 2021 was

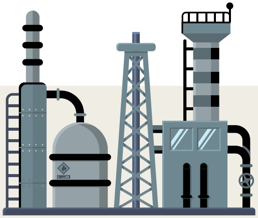
2,743,700.32mmscf.

The Joint Ventures arrangement contributed **54.3%** to the total gas produced, followed by the Production Sharing Contracts which contributed **22.22%** while others contributed **23.48%.**



5. Gas production

Breakdown



1,490,096.85mmscf
Joint Ventures (JVs)
(54.3%)

609,589.49mmscf
Production Sharing Contracts (PSCs)
(22.22%)

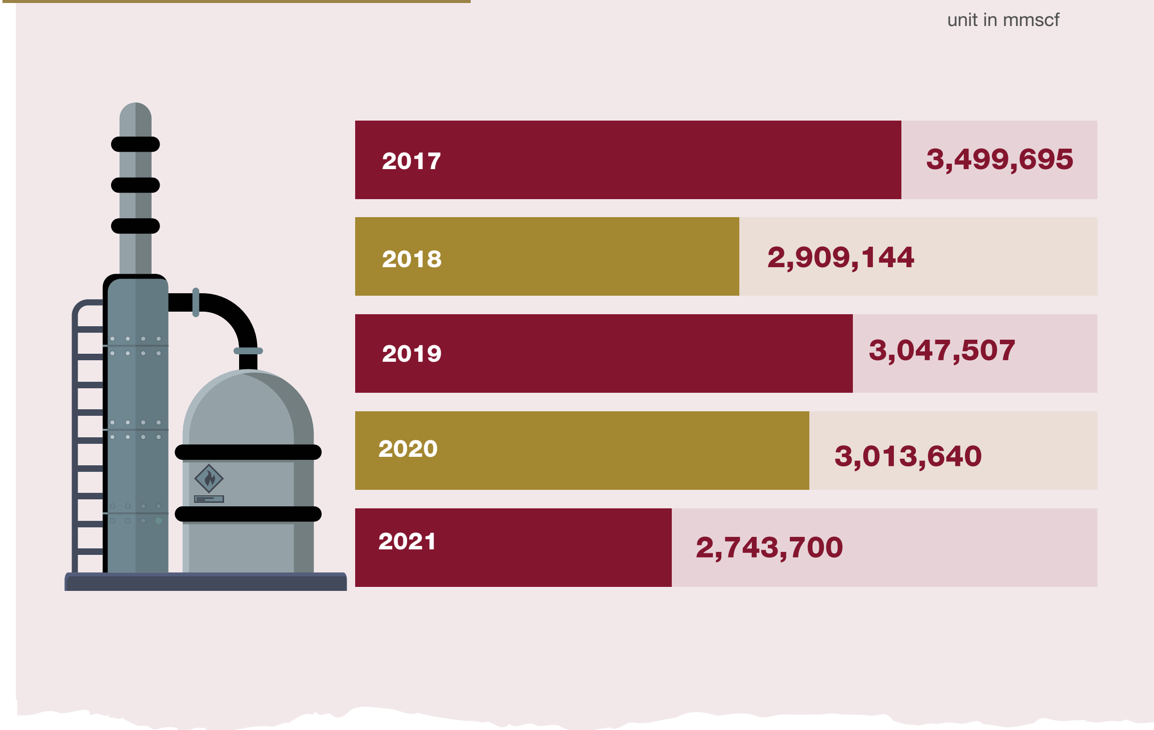
561,288.67mmscf
Sole Risk (SR)
(20.46%)

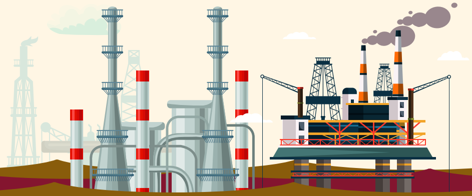
82,725.31mmscf
Marginal Fields (MF)
(3.02%)

0.00mmscf
Service Contracts (SCs)
(0.00%)

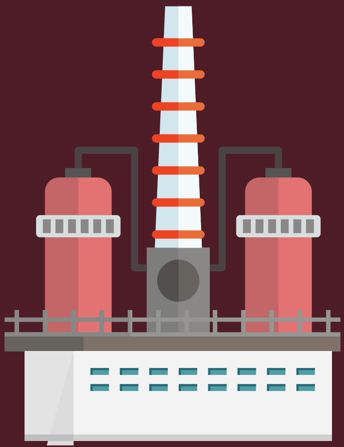
5. Gas production

Five-Year Trend of Gas Production





6. Revenue Gotten from the Oil & Gas Sector



The total revenue that was gotten from the oil and gas sector in 2021 amounted to

$23.05bn

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Key Findings and Recommendations

1

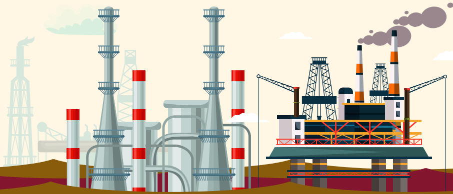
Beneficial Ownership: It was observed that the majority of the oil and gas companies in Nigeria exhibit complex structures that shield the real identities of their owners. The ultimate objective of beneficial ownership disclosure which is to disclose the natural persons behind the companies is still a challenge.

Recommendation: NUPRC should implement the relevant section of the PIA speedily.

2

Crude Losses: The crude oil volume losses in 2021 due to measurement errors and theft/sabotage are 31.04mmbbls and 37.57mmbbls respectively. The combined losses were 11% of the actual metered production volume at the flow station.

Recommendation: The Federal Government should ensure proper pipeline security surveillance using satellite imagery and other sophisticated ICT tools to ensure real-time monitoring and decisive actions on pipeline vandalism.



Key Findings and Recommendations

3

Outstanding Liabilities payable to FIRS and NUPRC: The total outstanding taxes payable to FIRS as of 31st July 2023 was $13.591million while the total amount of outstanding Federation revenue payable to NUPRC as of 31st December 2022 was $8.251billion.

Recommendation: NNPC and NPDC should be thoroughly investigated while other companies should promptly pay their outstanding liabilities and the respective government agencies are to intensify efforts to recover the debt.

4

Update on Refineries Activities: The audit observed that none of the refineries was operational in 2021 despite spending about N200 billion between 2020 and 2021 on refinery rehabilitation. This amount was deducted from the Federation sales proceeds. NNPC to provide clarifications on the status of the refineries.

Recommendation: A special investigation should be instituted to establish the status of the refineries and carry out value money assessments on the refineries.

Key Findings and Recommendations

5

Non-cash call payment: The sum of US$ 74.294 million was paid as severance from the cash call account for Panocean JV in 2021 which had been taken over by NPDC in 2020.

Recommendation: NNPC Ltd should stop the practice of funding assets transferred to NPDC from the Federation cash call account. It is expected that whenever assets in a JV are taken over, it should also include liabilities. NNPC should provide further details on the takeover terms and severance payment on the Panocean JV assets.

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