Is 2020 really the Year of Gas for Nigeria?

London, 19 June 2020 - The Honourable Minister for Petroleum Resources, H.E. Timipre Sylva, declared 2020 as the Year of Gas for Nigeria. The year started off with plans to harness Nigeria’s gas by tackling some of the barriers including the passing a regulatory framework for the upstream sector and the launch of the Nigerian Gas Transportation Code to further drive gas-based industrialisation.

As March approached, the industry experienced a sharp drop in oil price at $24.63 Brent and then to $16.95 Brent in April. Covid-19 had impacted lives and business in unprecedented measure. Many plans were put on hold and a new global mantra of cost cutting for survival emerged.

The news of Nigeria LNG awarding a $4 billion EPC contract for the Train 7 project to Saipem, in a joint venture with Daewoo E&C Co. Ltd. and Chiyoda Corp., was highly welcomed as is any news of the progression of plans to further develop the industry, and therefore world economies. The awarding of the contract signified a key milestone in the advancement of the project and sparks plenty of optimism for Nigeria amidst a global pandemic.

Once operational, Train 7 will add around 4.2 metric tonnes per annum (mtpa) of capacity to the Bonny Island facility, along with expansion plans, taking the total to around 30 mtpa. This moves Nigeria’s global position to the 3rd largest exporter of LNG.

Tony Attah, MD & CEO of Nigeria LNG, speaking on the EPC contract during the dmge Africa Energy Series: Spotlight Interview stated that:

“The FID for Train 7 & award of its EPC contract is... very reassuring as it renews our hope that Nigeria LNG will maintain a significant market share in the global gas market and will continue to reap the potential benefits in the market.”

When asked about the role of gas in the energy transition, Mr Attah commented that:

“Whilst a quick switch to renewables and other cleaner energy sources is desirable, current data indicates that the practical reality is that it cannot be achieved on a global scale as quickly as many parties are pushing for. We must therefore find a way to bridge the gap between where we are today, and where we desire to be. This is the role that gas is expected to play in the medium and long-term.”

In addition to increasing Nigeria’s presence in the global LNG market, opportunities to harness the gas for domestic consumption have long been discussed by industry stakeholders. Barriers to contend with includes gas pricing for the domestic market, limited infrastructure for distribution and a commercially viable market.
Mr Attah highlighted the vast opportunities availed by Nigeria’s huge gas reserves in comparison to crude and highlighted the various opportunities the Train 7 project will offer the country.

“We have proven 200 tcf of gas and we have another 600 tcf that we know about but need to prove under the SEC rules. Today as number 9 in the world in terms of gas reserves, if you prove the 600, you go straight away to number 4 ahead of Turkmenistan. For me, that is a major, major opportunity to really jumpstart the sector…. A lot depends on the fisca and how the government is able to incentivise gas development, which must happen.”

In addition to increasing Nigeria’s footprint in the Global LNG market through the execution of Train 7, Nigerian LNG also has plans to take advantage of opportunities to develop a domestic gas market and spur gas-based industrialisation. Similar to what has been achieved in developing a domestic LPG market, Mr Attah confirmed the organisation’s intentions to extend efforts to develop a domestic LNG market.

“We are currently looking at bringing LNG in-country… With the global market dwindling, we see very high demand for gas and other forms of energy in Nigeria and in deeds in Africa. As you know, more than 50% of the population that does not have access to energy in the world is in Africa. So, the domestic LNG project that we are looking at is to be piloted in Nigeria and then we will go regional and then look at Africa as a whole.

It’s a project that’s already on. As we speak there are a few people that have already indicated interest and we are working with them to see how much capacity they are able to develop to make this real.

We have just established that the price is no longer within anybody’s forecasts, view or control, we perhaps have a future where we have to be a market maker for this to be able to have the essence of the full value chain coming to fruition in country.”

In closing, Mr Attah’s sentiments were clear and rang in unison with the proclamation made by H.E. Timipre Sylva at the beginning of the year.

“Nigeria has ridden on the back of oil for over 50 years but now the time has come for Nigeria to fly on the wings of gas. It’s time for gas.”

Hear more about opportunities the Train 7 project will offer the country at the upcoming 20th Nigeria Oil & Gas Conference & Exhibition 9 -12 November 2020, Abuja, Nigeria.

- ENDS -

To watch the full live interview with Tony Attah, MD & CEO, Nigeria LNG go to: https://www.cwcnog.com/webinar-on-demand/
About Nigeria Oil & Gas Conference & Exhibition (NOG 2020)

The Nigeria Oil & Gas Conference & Exhibition will take place on 9-12 November 2020 at the ICC- Abuja, Nigeria.

For 20 years, the Nigeria Oil & Gas Conference & Exhibition has provided a platform for Presidents, Ministers, Heads of Governments Agencies and CEOs to discuss plans for policy, up-coming projects and solutions to current challenges in the industry.

NOG annually welcomes more than 750 senior level conference delegates, 80 international speakers and 200 exhibiting companies and 4,000 exhibition visitors. Ensure you are part of this 20th anniversary edition which is set to be larger than ever. To know more, visit: https://www.cwc nog.com/

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