



The Conduit Annual

*Oil and Gas
2025 Review | 2026 Outlook*

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TABLE OF CONTENTS

GLOSSARY	03
FOREWORD	05
1. PRODUCTION AND PRICING TRENDS	06
2. REGULATORY & POLICY DEVELOPMENTS	08
2.1 Upstream	08
2.2 Midstream & Downstream	09
2.3 Other Regulatory & Policy Developments	10
2.4 Host Community Obligations	11
3. NOTABLE TRANSACTIONS AND PROJECTS	12
3.1 Activities Of NNPC and Indigenous Oil And Gas Companies In 2025	12
3.2 Activities of IOCs Across the Year	14
3.3 Midstream Gas Infrastructure and Gas Based Industries Activities	15
3.4 Domestic Refining Sector	18
4. KEY CHALLENGES IN THE OIL AND GAS SECTOR	20
5. OUTLOOK FOR 2026	22

LIST OF FIGURES

Figure 1: Total Monthly Crude Oil Output 2025 (NUPRC)	06
Figure 2: Monthly Total Gas Production and Gas Flared in 2025 (NUPRC)	06
Figure 3: Monthly Average Retail Petrol Price in Nigeria (2025) (NBS)	07

GLOSSARY

Abbreviation	Meaning
AKK	Ajaokuta-Kaduna-Kano (Gas Pipeline)
bcf/d	Billion cubic feet per day
BINL	Backbone Infrastructure Nigeria Limited
BOI	Bank of Industry
DBP	Domestic Base Price
bpd	Barrels per day
bscf	Billion standard cubic feet
bscf/d	Billion standard cubic feet of gas per day
CNG	Compressed natural gas
FID	Final investment decision
FPSO	Floating production storage and offloading
GBI	Gas based industries
GHG	Greenhouse Gas
GSPA	Gas sale and purchase agreement
HSE	Health, safety and environment
IOC	International oil company
JV	Joint Venture
kbopd	Thousand barrels of oil per day
LNG	Liquefied natural gas
mmbpd	Million barrels per day
MDGIF	Midstream and Downstream Gas Infrastructure Fund
mmscf/d	Million standard cubic feet per day
MoU	Memorandum of Understanding
NBS	National Bureau of Statistics
NCDMB	Nigerian Content Development and Monitoring Board
NCDF	Nigerian Content Development Fund
NGFCP	Nigerian Gas Flare Commercialisation Programme
NGML	NNPC Gas Marketing Limited
NLNG	Nigeria LNG Limited

GLOSSARY

Abbreviation	Meaning
NMDPRA	Nigerian Midstream and Downstream Petroleum Regulatory Authority
NNPC Limited	Nigerian National Petroleum Company Limited
NTA	Nigeria Tax Act
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
OML	Oil Mining Lease
OPEC	Organization of the Petroleum Exporting Countries
OPL	Oil Prospecting Licence
PENGASSAN	Petroleum and Natural Gas Senior Staff Association of Nigeria
PIA	Petroleum Industry Act
PMS	Premium Motor Spirit
PPL	Petroleum Prospecting Licence
PSC	Production sharing contract
SNEPCo	Shell Nigeria Exploration and Production Company Limited
SPDC	Shell Petroleum Development Company of Nigeria Limited
SPV	Special purpose vehicle
UIN	Unique Identification Number
US\$	United States Dollars
WTI	West Texas Intermediate

FOREWORD

The background of the document is a blue-tinted photograph of an offshore oil and gas platform. The platform's complex steel structure, including tall derrick masts and various deck levels, is visible against a clear sky. Below the platform, the dark blue surface of the ocean is visible. To the right of the main platform, a portion of a white support vessel with blue accents is visible.

Nigeria's petroleum landscape witnessed a slew of regulatory reforms and private sector commercial realignments in 2025. The year was marked by increased policy and investment activities across the upstream, midstream, and downstream segments. Notably, indigenous players assumed increased control over upstream assets, while international oil companies recalibrated their portfolios in response to evolving regulatory and market dynamics. The year also featured a pronounced shift in investments in natural gas and deep offshore projects, driven largely by fiscal incentives introduced in 2024 through executive orders.

Increased participation by indigenous operators and targeted investment incentives should drive significant investment into the upstream. However, the trajectory of the sector in 2026 will be measured increased hydrocarbon production and the progress or otherwise of the critical gas infrastructure projects currently under development.

In this annual roundup of The Conduit, which we launched as our monthly newsletter in 2025 to track developments across the sector, we consolidate our insights on the sector into a comprehensive review. We discuss regulatory developments, notable transactions and projects across the hydrocarbon value chain, and the key challenges that constrained performance during the year. We conclude with an assessment of the market trends that are likely to shape the sector in 2026.

We hope that this publication provides context, clarity and insights for investors, operators and policymakers engaging with Nigeria's oil and gas landscape.

'Gbite Adeniji
Managing Partner



1

PRODUCTION AND PRICING TRENDS

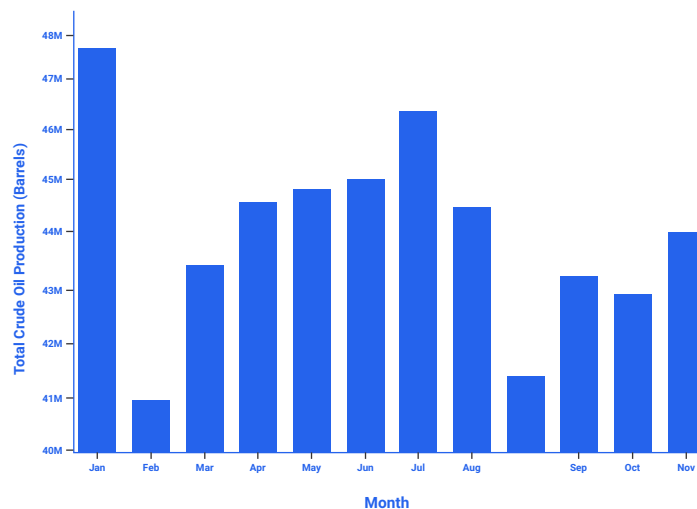


Figure 1: Total Monthly Crude Oil Output 2025 (NUPRC)

1.1 2025 Hydrocarbon Production Data

The year 2025 was characterized by volatility in upstream output, with production figures oscillating in response to operational challenges.

Crude production commenced with a strong output of approximately 47.7 million barrels in January but experienced a sharp decline to 41 million barrels in February. Production stabilized mid-year, peaking in July at 46.7 million barrels, before dipping again in September to 41.7 million barrels and rebounding to 44.1 million barrels by December.¹ According to the OPEC Monthly Oil Market Report, Nigeria's crude oil production averaged 1.5 mmbpd in December 2025 based on secondary sources, achieving Nigeria's OPEC quota of 1.5 mmbpd.²

Gas production mirrored the volatility observed in the oil sector. According to NUPRC's gas production data, total gas production for the period of January to October 2025 stood at approximately 2.71 tcf. Production peaked in July at 250.8 bscf but recorded a significant contraction in September to 198.3 bcf.³ With respect to gas flaring, the gas sector maintained a high gas utilization rate, averaging 92.4% for the year. October data specifically

showed a 92.7% utilization rate. However, flaring persists in spite of the apparently high utilisation. In September 2025, the flare rate spiked to 9.05% (17.9 bsf flared), before moderating to 7.55% in October. The 9% flare rate in September represents a material environmental liability and suggests potential operational inefficiencies that could attract regulatory sanctions.

Despite these production challenges, the domestic economy showed resilience, with inflation moderating to 15.5% in December from 20.1% in August, partly attributed to a steadier Naira and falling local fuel prices.⁴

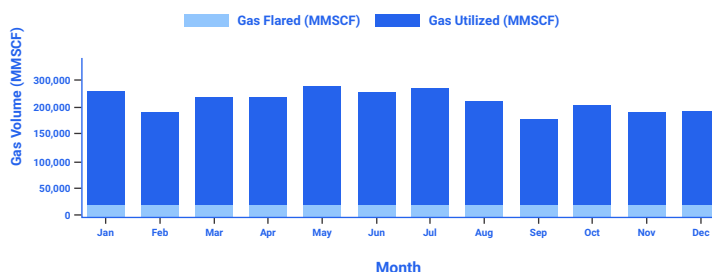


Figure 2: Monthly Total Gas Production and Gas Flared in 2025 (NUPRC)

1. <https://www.nuprc.gov.ng/wp-content/uploads/2026/01/JAN-TO-DEC-2025-PRODUCTION-002.pdf>

2. <https://publications.opec.org/momr/FileDownload/150/momr/327>

3. https://www.nuprc.gov.ng/wp-content/uploads/2025/11/2025-Monthly-Gas-Data-for-Publication_October-2025.pdf

4. <https://www.cbn.gov.ng/rates/inflrates.html>

1.2 PMS Pricing Trends

According to data provided by the NBS⁵ the year commenced with high fuel retail costs, as the average price in January 2025 stood at ₦1,258.34, representing a substantial 88.29% year-on-year increase from January 2024. This upward trend persisted, with prices reaching an average of ₦1,261.65 in March 2025, marking an 81.07% increase compared to the corresponding period in the previous year. These figures suggest that the market was still grappling with the aftershocks of price adjustments witnessed in the prior year.

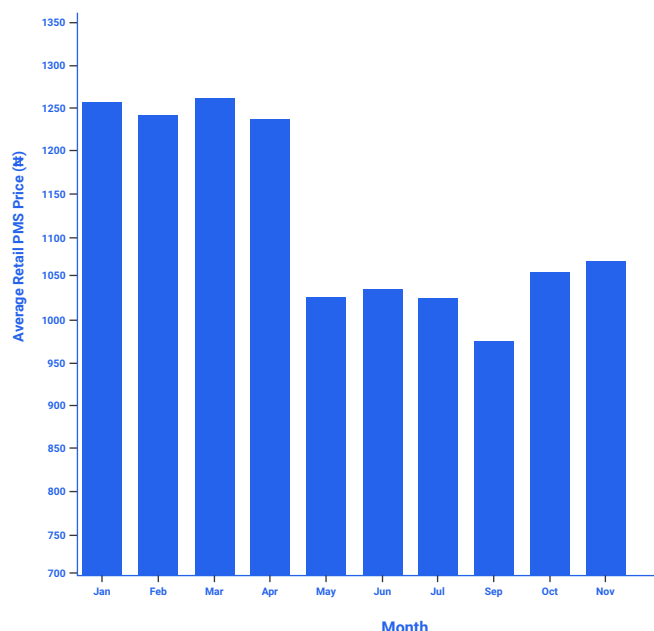


Figure 3: Monthly Average Retail Petrol Price in Nigeria (2025) (NBS)

A pivotal shift occurred in the second quarter of 2025. While April 2025 maintained a high average of ₦1,239.33, May 2025 witnessed a significant downward adjustment, dropping by 17.07% month-on-month to an average price of ₦1,027.76. By June 2025, prices stabilized with a marginal 0.96% increase to ₦1,037.66.

The second half of the year demonstrated relative

stability compared to the first. In July 2025, the price decreased by 1.22% to ₦1,024.99. Notably, data from November 2025 highlights a reversal in the year on-year inflationary trend; the average price of ₦1,061.35 represented a 12.59% decrease compared to the value recorded in November 2024, which was ₦1,214.17. This indicates that while fuel prices remain high relative to historical data, the acute spike experienced in late 2024 had begun to recede by late 2025.



5. <https://microdata.nigerianstat.gov.ng/index.php/catalog/157/related-materials>



REGULATORY & POLICY DEVELOPMENTS

2.1 Upstream

This section provides an overview of various regulatory activities initiated by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and consequent compliance requirements for the relevant stakeholders.

I Regulatory Instruments

NUPRC issued a number of regulations in 2025, each of which are described below:

- **The Nigerian Upstream Petroleum (Commercial) Regulations, 2025**, which regulates commercial activities in the oil and gas sector, focusing on Field Development Plans and annual work programmes. It applies to all upstream licences and leases, and is geared towards ensuring that economic viability standards are met.
- **The Upstream Petroleum Fees and Rents (Temporary) Regulations, 2025**, which establishes a temporary fiscal framework for fees and rents applicable to upstream petroleum licences, leases, and operational permits.

- **The Nigerian Upstream Advance Cargo Declaration Regulations, 2024**, which creates a transparent export regime to prevent crude oil theft, illegal topping, and under-declaration. It creates a framework for exporters to submit a declaration and obtain a unique identification number (UIN) for each vessel. To operationalize the regulation, the NUPRC issued the Guidelines for the Operationalisation of Advance Cargo Declaration Regulations, 2025, which outlines procedures for obtaining the export permits, vessel clearances and the UINs.⁶

- **Acreage Management and Petroleum (Drilling and Production) Regulations, 2024**, which provides the framework for the allocation, administration, and management of upstream petroleum licences and leases under the PIA. Additionally, the regulations provide the framework for licence or lease holders to develop renewable energy or provide carbon capture and storage services within their licence and lease areas.⁷

- **Nigerian Upstream Petroleum (Assignment of Interest) Regulations, 2024**, which provides a structured legal procedure for the transfer of interests and the creation or enforcement of security within the upstream sector. The regulations also outline the procedure and requirements for obtaining the consent of the Minister or approval of the NUPRC as applicable.

- **Upstream Petroleum Environmental Remediation Regulations, 2024**, which was issued to support the establishment of the Environmental Remediation Fund as a dedicated source of funding for the rehabilitation and management of negative environmental impacts resulting from upstream operations.

6. Paragraph 3 of the Advance Cargo Guidelines

7. Section 37(2), Acreage Regulations

- **Upstream Petroleum Safety Regulations, 2024**, which apply to upstream licensees and lessees and companies providing services to licensees or lessees under a licence or permit issued by the NUPRC. It introduces key compliance obligations for operators such as the requirement that pipelines must be designed, constructed, and maintained in accordance with relevant international standards (e.g., ANSI, ASME, NACE).

I The 2025 Licensing Bid Round

On December 1, 2025, the NUPRC launched the 2025 Licensing Bid Round Portal and published the 2025 Licensing Round Guideline (the “**Licensing Guidelines**”) alongside the model contracts for 50 PPLs to be awarded. The licensing round represents the third in a series of bid rounds conducted under the framework of the PIA. According to the Licensing Guidelines, the bidding process follows a two-stage bidding system comprising a Qualification Stage followed by a Bid Stage. The NUPRC evaluates submissions based on the pre-qualification criteria (financial, technical, legal,

Operations Regulations 2023 and the Midstream Gas Flare Regulations 2023.

- **Guidelines For Management of Fugitive Methane and Greenhouse Gases Emissions**, which aims to reduce Greenhouse Gas and methane emissions in midstream and downstream petroleum operations. Operators are required to track and reduce emissions from gas flaring, venting, and equipment leaks and maintain a GHG Management Plan.

I Establishment of the 2025 Domestic Base Price

In April 2025, the NMDPRA announced the 2025 Domestic Base Price (DBP) set at US\$2.13/MMBTU alongside the applicable wholesale price of natural gas for the power, commercial sector, and gas-based industries. Accordingly, the wholesale price of marketable natural gas was set at US\$2.13/MMBTU for the power sector, US\$2.63/ MMBtu for the commercial sector while the floor price for gas-based industries was set at US\$0.9/ MMBtu with a ceiling of US\$2.13/ MMBtu. The 2025 DBP reflects a reduction from the 2024 DBP which was set at US\$2.42/ MMBtu.

2.2 Midstream & Downstream

This section highlights the various regulatory actions and initiatives undertaken by the Nigerian Midstream Downstream Petroleum Regulatory Authority (NMDPRA).

I Regulatory Instruments

NMDPRA issued the following regulation regulations and guideline, each of which are described below:

- **Midstream and Downstream Petroleum Operations Regulations, 2025**, which provides a comprehensive framework for midstream and downstream petroleum operations. It repeals earlier regulations such as the Midstream and Downstream Petroleum

I The 15% Import Duty on Fuel

In October 2025 President Bola Tinubu approved a 15% import duty on petrol and diesel to protect domestic refineries and curb imports. However, the policy faced backlash from some stakeholders, who warned it would hike pump prices and worsen economic hardship. The NMDPRA then announced the implementation was no longer in view to prevent hoarding and price escalation. The President deferred the policy to Q1 2026, following a request by the Chairman of the Federal Inland Revenue Service for more consultations.

NMDPRA Licences Africa's First Gas Trading Platform

In June 2025, the NMDPRA in conjunction with the Securities and Exchange Commission issued a licence to JEX Market to establish and operate a Gas Clearing House and Settlement Authorisation Platform which would serve as a commodity exchange platform where natural gas and its derivatives would be traded in Nigeria.⁸

The gas trading platform which was formally launched on December 1, 2025⁹ is an outcome of the PIA which mandates a formal framework for wholesale gas trading and settlement. The regulatory parameters governing this exchange are delineated within the Gas Trading and Settlement Regulations, 2023. The exchange is designed to generate a credible, market-driven Nigeria Gas Price Index that accurately reflects real domestic supply and demand.

2.3 Other Regulatory & Policy Developments

I New Leadership for the NUPRC and the NMDPRA

December 2025 saw the appointment of Oritsemeyiwa Amanorisewo Eyesan and Saidu Aliyu Mohammed by the President as the chief executives of the NUPRC and NMDPRA respectively. These appointments follow the resignations of Farouk Ahmed and Gbenga Komolafe who were the inaugural chief executives of the NUPRC and the NMDPRA respectively in 2021. Following these appointments, the President nominated Executive and non-executive commissioners for the two agencies, including Senator Magnus Abe, a former member of the board of NNPC, as chairman of the board of the NUPRC. The President also nominated 'Gbite Adeniji, a lawyer with over 30 years of experience in energy and natural resources, and the Managing Partner of ENR ADVISORY, as the chairman of the NMDPRA board.

NNPC's New Senior Management Team and Board

On April 2, 2025, President Bola Tinubu appointed Bashir Bayo Ojulari as the new Group Chief Executive Officer (GCEO) and Ahmadu Musa Kida as the chairman of a reconstituted 11-member board of NNPC Limited. This follows the removal of Mele Kolo Kyari as the GCEO and Chief Pius Akinyelure as the board chairman.¹⁰ Prior to his appointment, Bayo served as the Executive Vice President and Chief Operating Officer of Renaissance Africa Energy Company.

Subsequently, the NNPC Limited announced a new 8-man senior management team headed by the GCEO, Bayo Ojulari, and includes Rowland Ewubare as Group Chief Operating Officer, Adedapo Segun as Group Chief Financial Officer, Olalekan Ogunleye as Executive Vice President Gas, Power & New Energy, and Adesua Dozie as Company Secretary & Chief Legal Officer.¹¹

I FG Legacy Gas Debts Offset with Royalty Credits

In a significant fiscal intervention, the Federal Government of Nigeria authorized a mechanism to address the liquidity crisis plaguing the domestic gas sector. In December 2025, President Bola Tinubu approved the settlement of N185 billion in legacy debts owed to natural gas producers through a royalty-offset arrangement.¹² Under the royalty credit mechanism, the legacy debts owed to gas producers are offset against their royalty liabilities. This creates a closed-loop settlement system, effectively bypassing the bureaucratic bottlenecks often associated with direct cash appropriations for debt servicing.

I The PIA Amendment Bill 2021

Amendments were proposed by the executive branch of government to the PIA following the listing of the PIA Amendment Bill (the "**Bill**") at the Nigerian House of Representatives and the Senate in 2025. The Bill proposes replacing NNPC Limited with the NUPRC

08. <https://guardian.ng/news/nmdpra-awards-gas-trading-clearing-and-settlement-licenses-to-jex-markets/>

09. <https://africa.businessinsider.com/local/markets/nigeria-digitises-gas-trading-in-bid-to-attract-top-investors/d8701nr>

10. <https://www.premiumtimesng.com/news/top-news/785190-breaking-tinubu-sacks-kyari-as-nnpc-chief-removes-board-members-appoints-replacements.html?tztc=1>

11. <https://nnpcgroup.com/insights/nnpc-ltd-announces-new-senior-management-team>

12. <https://www.channelstv.com/2025/12/09/fg-begins-E2%82%A6185bn-gas-legacy-debt-repayment/>

as the concessionaire in all subsisting PSCs, profit sharing contracts, and risk service contracts. The Bill also proposes a new framework for the governance of integrated operations by the NUPRC and the NMDPRA.

I The New Tax Laws

On 26 June 2025, President Bola Ahmed Tinubu signed four tax reform bills into law. These laws are the Nigeria Tax Act (NTA), the Nigeria Tax Administration Act, the Nigeria Revenue Service Act and the Joint Revenue Board Act. The NTA repeals the Petroleum Profits Tax Act and the Deep Offshore and Inland Basin Production Sharing Contracts Act, and amends the PIA, effectively making the NTA the central legislation for petroleum sector's taxes, levies, and royalties with effect from January 1, 2026.¹³ Key proposals by the NTA relevant to petroleum operations include the shift to cash-based royalties, the economic development tax credit, consolidation of incentives for deep offshore operations and gas investments, and unified tax administration under the Nigerian Revenue Service.

I The NCDMB Compliance Certificate

The NCDMB unveiled plans to mandate an NCDF Compliance Certificate for all operators starting 1 January 2026. This certificate will be a prerequisite for obtaining key permits and approvals, ensuring that companies comply with the 1% remittance obligations to the NCDF pursuant to Section 104 of the Nigerian Oil and Gas Industry Content Development Act.

I Issuance of Flare Gas Permits under the NGFCP

On 12 December 2025, the NUPRC issued Permits to Access Flare Gas to 28 successful companies under the Nigerian Gas Flare Commercialisation Programme (NGFCP), a framework designed under the Petroleum Industry Act to enhance the commercial viability of natural gas in Nigeria.¹⁴ The 28 firms that received the permits were those that had fully executed the required

suite of commercial agreements, including connection agreements, milestone development agreements, and gas sales agreements.

2.4 Host Community Obligations

Growth of the Host Community Development Trust Fund

The NUPRC reported that the Host Community Development Trust (HCDT) Fund grew to ₦373 billion as of October 13, 2025.¹⁵ According to the NUPRC, at least 536 community projects were initiated across various regions. A major highlight was the Obagi Pilot Phase in Rivers State, operated by TotalEnergies, which saw the delivery of over ten projects, including a remodelled cottage hospital, a diagnostic centre, a water bottling factory, and fully furnished classroom blocks. The NUPRC further stated that these projects were developed based on the specific needs and priorities defined by the communities, in accordance with the PIA.

I Court Upheld Host Community Liability Provisions

In December 2025, the legal framework governing host communities was further clarified when the Federal High Court in Warri dismissed a suit challenging the constitutionality of the host community liability provisions of the PIA.¹⁶ The court upheld sections of the PIA that impose liability on host communities for acts of vandalism and sabotage affecting petroleum infrastructure within their territories. In its judgment, the court ruled that the National Assembly acted within its legislative competence and that the plaintiff failed to prove the provisions on liability of host communities in the PIA were unconstitutional or discriminatory.

13. Section 197, NTA

14. <https://www.nuprc.gov.ng/nuprc-issues-permit-to-28-firms-for-flare-gas-utilisation-projects-2bn-investments-i00000-jobs/>

15. <https://www.nuprc.gov.ng/host-community-fund-rises-to-n373bn-as-nuprc-oversees-536-projects/>

16. <https://thenationonline.ng/court-upholds-pia-host-community-liability-provisions/>



NOTABLE TRANSACTIONS AND PROJECTS

3.1 Activities Of NNPC and Indigenous Oil And Gas Companies In 2025

Renaissance Africa Energy Holdings Finalised Acquisition of Shell

In March 2025, Shell International PLC successfully completed the sale of its 100% shareholding in the Shell Petroleum Development Company of Nigeria Limited (**SPDC**) to Renaissance Africa Energy Holdings. Following the acquisition, SPDC was officially renamed Renaissance Africa Energy Company Limited and is no longer part of the Shell group of companies.¹⁷

Renaissance is a vehicle established by a consortium composed of established indigenous exploration and production companies and an international energy firm comprising ND Western Limited, Aradel Plc, First Exploration & Petroleum Development Company Limited ("**First E&P**"), Waltersmith Group and Petrolin Group. The deal is a landmark for the Nigerian oil and gas sector, transferring control of the country's oldest and most significant onshore operator to indigenous hands.

Aradel Acquired Additional 40% Interest in ND Western Limited

Aradel Holdings PLC, through its subsidiary Aradel Energy Limited, successfully concluded the acquisition of an additional 40% equity interest in ND Western Limited. The interest was acquired from Petrolin Trading Limited following an initial announcement of the execution of binding agreements in October. The acquisition, which was concluded in December 2025, alters the corporate structure of the entities involved, as Aradel's shareholding in ND Western increased from 41.67% to 81.67%, effectively transitioning ND Western into a subsidiary of the Aradel group.¹⁸

This transaction carries broader implications as it increases Aradel's stake in Renaissance Africa Energy Company Limited from 33.3% to 53.3% and positions Aradel to capture value from the Renaissance JV, particularly as the joint venture advances its gas monetization strategies.

Heirs Energies Acquired Maurel & Prom's Stake in Seplat Energy

In December 2025, Heirs Energies Limited concluded a landmark US\$ 500 million transaction to acquire the entire 20.07% Maurel & Prom's shareholding in Seplat Energy Plc at £3.05 per share. This acquisition establishes Heirs Energies as Seplat's largest single shareholder, surpassing other major institutional investors such as the Petrolin Group (13.77%) and Sustainable Capital Group (9.7%). For Maurel & Prom, one of the founders of Seplat in 2010, the divestment marks a definitive exit from the Nigerian upstream sector.¹⁹

17. <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2025/shell-completes-sale-of-spdc/spdc-sale.html>

18. <https://www.aradel.com/aradel-holdings-plc-completes-acquisition-of-40-equity-interest-in-nd-western-limited/>

19. <https://www.maureletprom.fr/en/documents/download/1844/sale-of-m-ps-20-07-interest-in-seplat-energy-to-he>

I Helios Divested from Axxela

London-based Helios Investment Partners completed the sale of its 75% equity stake in Axxela Limited to BlueCore Gas InfraCo Limited on December 31, 2025. Axxela is one of Nigeria's largest gas distributors. Sojitz Corporation, the Japanese conglomerate that acquired a 25% stake in Axxela back in March 2022, exercised its tag-along rights to exit alongside Helios, marking the end of a three-year partnership.²⁰

I First Private Onshore Crude Oil Export Terminal Commissioned

President Bola Tinubu commissioned the Otakikpo Onshore Crude Oil Export Terminal, a US\$400 million project developed by Atlantic Terminal Infrastructure Limited, marking the first onshore export facility developed and operated by a private indigenous company in over 50 years.²¹ The terminal has an initial storage capacity of 750,000 barrels (expandable to 3 million) and a loading capacity of 360,000 bpd. The terminal provides a cost-effective evacuation route for over 40 nearby stranded fields in the Ogoni and Opobo axis, which are estimated to hold over 3 billion barrels of oil equivalent.

I 1.29 Bscf/d Feed Gas Secured for NLNG Train 7 Expansion

NNPC Limited together with 5 of its upstream joint venture partners signed separate long-term GSPAs to cumulatively deliver 1.29 bscf/d of feed gas to Nigeria LNG Limited (NLNG).²² The supplying entities include indigenous players such as Oando Group, Aradel Holdings, Amni International, and First E&P alongside IOCs like Shell and TotalEnergies. First E&P's supply was particularly notable as it marked the first sale to NLNG by a non-shareholding entity of NLNG. The agreements seek to address the prolonged feed gas shortage caused by vandalism and sabotage, aiming to restore NLNG's operational capacity and support the new Train 7 expansion project.

I NNPC Launched Bid to sell Oil and Gas Assets

NNPC Limited reportedly launched a bid process to sell stakes in selected oil and gas assets as part of a broader strategy to divest at least 25% of its equity in select oil and gas fields, optimise its portfolio and attract private and foreign investment into the upstream sector.²³ According to the invitation document, interested bidders are to register by January 10, 2026, after which qualified firms will gain access to a secure virtual data room. The prequalification process will be based on technical and financial capacity, followed by document evaluation and regulatory approvals.²⁴



18. <https://www.heliosinvestment.com/news/helios-investment-partners-completes-sale-of-interest-in-axxela>

21. <https://nairametrics.com/2025/10/09/green-energy-launches-400-million-otakikpo-crude-export-terminal/>

22. <https://businessday.ng/news/article/nnpc-gas-suppliers-sign-20-year-gas-deal-with-nlng-2/>

23. <https://nairametrics.com/2025/12/30/nnpc-ltd-launches-bid-to-sell-stakes-in-oil-and-gas-assets/>

24. <https://www.reuters.com/business/energy/nigerias-eyes-stake-sales-some-oil-gas-assets-invites-bids-document>

3.2 Activities of IOCs in 2025

Savannah Energy Acquired 100% Shareholding in SIPEC

Savannah Energy Plc announced the completion of its acquisition of 100% of the issued share capital of Sinopec International Petroleum Exploration and Production Company Nigeria Limited (SIPEC).²⁵ This transaction, finalized on March 10, 2025, transferred SIPEC's 49% non-operated participating interest in the Stubb Creek oil and gas field to Savannah, effectively placing the asset under the full control of the Savannah group.

Savannah plans an immediate 18-month expansion to debottleneck the Stubb Creek facility, boosting gross production from about 2.7 kbopd in 2024 to roughly 4.7 kbopd. The acquisition also enables monetisation of stranded gas, adding 227 bscf of contingent gas resources to provide long-term feedstock for Accugas Limited, Savannah's midstream business, and support gas supply to key power plants and industrial users in Nigeria.

TotalEnergies Divested Offshore Oil Stake in Nigeria to Chevron

In December 2025, TotalEnergies announced that it executed a farm-out agreement transferring a 40% participating interest in PPL 2000 and 2001 to Chevron.²⁶ The transaction relates to exploration acreages located in the West Delta basin, covering approximately 2,000 km².

The PPLs were originally awarded to the TotalEnergies/South Atlantic Petroleum JV following the 2024 Licensing Round organized by the NUPRC. Following the divestment, the equity structure of the JV is reconfigured as follows: Total Energies (40%), Chevron's Star Deep Water (40%), and South Atlantic Petroleum (20%). This transaction is an extension of a

global exploration collaboration between the two entities, following similar JV arrangements in the U.S. Gulf of Mexico earlier in the year.

TotalEnergies and Conoil Offshore Executed Asset Swap Agreements

TotalEnergies and Conoil Producing Limited executed upstream asset swap agreements involving offshore blocks OPL 257 and OML 136. With respect to OPL 257, TotalEnergies acquired a 50% interest from Conoil, increasing its total holding to 90% and secured operatorship. Conoil retained 10%. In exchange, Conoil acquired TotalEnergies' entire 40% participating interest in OML 136. Completion of the transaction is subject to regulatory approvals.²⁷

The primary driver for this swap is the development of the Egina South discovery located within OPL 257 and the adjacent PPL 261. By securing 90% control of OPL 257, TotalEnergies intends to develop Egina South as a subsea tie-back to the existing Egina FPSO, located 30km away.



²⁵ https://www.savannahenergy.com/application/files/8317/4159/0090/2025.03.10_Completion_of_SIPEC_Acquisition_FINAL.pdf

²⁶ <https://totalenergies.com/news/press-releases/exploration-totalenergies-strengthens-its-global-collaboration-chevron>

²⁷ <https://totalenergies.com/news/press-releases/nigeria-totalenergies-increases-its-interest-opl257>

TotalEnergies Divested Interest in OML 118 (Bonga Field)

In November 2025, TotalEnergies EP Nigeria announced the completion of the sale of its entire 12.5% non-operating participating interest in the OML 118 PSC. The asset contains the prolific Bonga field. The interests were assigned to the existing partners in the block: Shell Nigeria Exploration and Production Company (SNEPCo) and Nigerian Agip Exploration (Agip).²⁸

The total consideration for the transaction was US\$510 million. SNEPCo acquired an additional 10% interest for US\$408 million while Agip acquired an additional 2.5% interest for US\$102 million. TotalEnergies framed this divestment as portfolio "high-grading," exiting assets with higher technical costs to focus on operated assets with lower cash breakeven points, such as the Ubeta gas project.

Shell Announced FID for HI Field

SNEPCo, alongside Sunlink Energies and Resources Limited, announced a final investment decision on the HI gas project located in OML 144. The US\$2 billion project represents a critical development in the shallow offshore terrain. The HI field, originally discovered in 1985, is situated in 100 meters of water depth. The project is designed to deliver approximately 350 mmscf/d as feedstock to the NLNG Train 7 project, supplying roughly 15% of NLNG's total feed gas requirements.²⁹

3.3 Midstream Gas Infrastructure and Gas Based Industries Activities

Federal Government and Afreximbank Sealed US\$500m Deal for Gas Infrastructure

The Midstream and Downstream Gas Infrastructure Fund (MDGIF) and African Export-Import Bank ("Afreximbank") signed a Memorandum of Understanding to mobilize US\$500 million for gas infrastructure development. The fund is dedicated to financing midstream and downstream projects, including pipelines, processing facilities, and LNG infrastructure.³⁰

Pursuant to this deal, Afreximbank will provide credit risk guarantees to incentivize private investment and assist in project preparation to ensure bankability. This financing operationalizes the mandate of the MDGIF under the PIA to accelerate domestic gas utilization and eliminate gas flaring by 2030. It represents a shift from purely sovereign-funded infrastructure to blended finance models involving multilateral development banks.

NNPC Limited Launched Construction Of 5 Mini-LNG Plants in Ajaokuta

NNPC Limited, in partnership with private investors, launched the construction of five mini-LNG plants in Ajaokuta, Kogi State, with a combined capacity of 97 mmscf/d. The five projects involved are the NNPC Prime LNG, NGML/GasNexus LNG, BUA LNG, Highland LNG, and Arete LNG.³¹

The projects utilise virtual pipelines (cryogenic trucks) to transport gas to areas lacking pipeline infrastructure, bridging the energy access gap in Northern Nigeria. Also, by providing reliable gas to heavy industries (such as BUA Cement) and commercial customers, the initiative is expected to stimulate regional industrial growth.

28. <https://totalenergies.com/news/press-releases/nigeria-totalenergies-completes-divestment-its-non-operated-interest-bonga>

29. <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2025/shell-invests-in-nigeria-offshore-gas-development.html>

30. <https://africaoilgasreport.com/2025/09/gas-monetization/nigerias-gas-infrastructure-fund-inks-an-mou-with-afreximbank-to-mobilise-500million-for-a-pipeline-of-projects/#:~:text=Nigeria's%20Gas%20Infrastructure%20Fund%20Inks,%2C%20gas%20and%20energy%20landscape.%20%2D>

31. <https://nnpcgroup.com/insights/nnpc-ltd-partners-launch-97mmscf-d-capacity-five-mini-lng-plants-in-ajaokuta-as-fgrestates-commitment-to-use-gas-for-economic-growth-development>

Greenflare Launched First Flare Gas-Powered Digital Infrastructure Project

Green Flare Holdings, in partnership with Dawcon Energy and the OML 30 Joint Venture³², signed a Gas Connection Agreement that will harness stranded gas from upstream oil operations to generate off-grid electricity.³³ The initiative will also deploy modular gas-to-data systems at flare sites in Delta State, delivering 53 megawatts of electricity to power data centres initially focused on Bitcoin mining with plans to expand into AI computing and high-performance processing workloads.

MDGIF Unveiled Nation-Wide Rollout of 500 CNG Refuelling Stations

The MDGIF unveiled plan to deploy 500 CNG refuelling stations across the country over the next three years. This initiative, driven in partnership with Chinese manufacturer, Endurance Group, and supported by a government-backed special purpose vehicle, aims to bridge infrastructure gaps in the CNG value chain, enhance access to cleaner and more affordable fuel, and reduce reliance on petrol and diesel.³⁴ Under the scheme, the SPV, to be known as the Compressed Natural Gas Auto Mobility Infrastructure Company, will construct integrated CNG stations, and support logistics and supply infrastructure, including CNG and LNG transport trucks.³⁵

Seplat's ANOH Gas Project Commenced Production

Seplat Energy Plc announced a major milestone with the ANOH gas project achieving first gas, marking the commencement of production from the 300 mmscf/d facility. On January 16, 2026, the ANOH Gas Processing Company (AGPC), a joint venture between Seplat and the Nigerian Gas Infrastructure Company, commenced gas supply to the Indorama Petrochemical Plant under firm and interruptible offtake agreements.

The project is designed to operate with zero routine flaring, unlocks an estimated 4.6 trillion cubic feet of condensate-rich gas across unitised OML 53 and OML 21 fields, and will support future gas sales to Nigeria LNG. Seplat describes this as a key development for Nigeria's domestic gas market being one of the Federal Government's priority gas projects to advance energy security and industrial growth.³⁶



32. The OML 30 Joint Venture comprises the NNPC E&P Ltd, Shoreline Natural Resources Ltd., and Heritage Energy Operational Services Ltd.

33. <https://punchng.com/fg-afreximbank-seal-500m-deal-for-gas-infrastructure/>

34. <https://nairametrics.com/2025/11/17/mdgif-chinese-partners-seal-deal-for-500-cng-stations-rollout-nationwide/>

35. <https://punchng.com/fg-plans-500-cng-stations-nationwide-in-three-years/>

36. <https://www.seplatenergy.com/news-insights/news/ano-h-gas-project-achieves-first-gas/>

Tetracore Commissioned Phase II of CNG Facility in Ogun State

Tetracore Energy commissioned its Phase II Atakobo CNG facility in Ogun State, expanding delivery capacity to 6.2 mmscf/d.³⁷ The Phase II facility doubles the operational baseline of 3.1 mmscf/d when the facility commissioned in 2024. The CNG facility is located along the Benin-Sagamu expressway, a location chosen to optimize gas delivery to power plants, industrial hubs, and auto-gas vehicles throughout Nigeria's western corridors. By January 2026, the company announced a new milestone in the facility's operational performance with gas throughput reaching 7.64 mmscf/d.³⁸

The Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline Completed River Niger Crossing

The AKK gas pipeline project achieved growth in 2025 with completion drawing near. Progress was recorded in June 2025 when the River Niger Crossing was successfully completed, an achievement that derisked the completion of the project's mainline and brought the overall completion to 83%.³⁹

By the end of November 2025, the AKK pipeline reached 90% completion, marked by the finalization of mainline welding works and pressure-testing.⁴⁰ The latest reports indicate that the project is now on course for full completion in 2026.



37. <https://www.thisdaylive.com/2025/08/29/tetracore-energy-inaugurates-6-2mmscf-d-phase-ii-cng-facility-in-ogun-state/>

38. <https://businessday.ng/news/article/tetracore-expands-gas-infrastructure-records-throughput-growth/>

39. https://cms1977.nnpcgroup.com/uploads/NNPC_Limited_Monthly_Report_Summary_June_2025_af8f70693f.pdf

40. https://cms1977.nnpcgroup.com/uploads/NNPC_Monthly_Report_NOVEMBER_2025_29e81a0649.pdf

NNPC Commissioned 113km Portion of The Obiafu-Obrikom-Oben (OB3) Pipeline

The NNPC Limited reported a milestone with the OBB pipeline project in July 2025, with the commissioning of a 113km portion of the pipeline.⁴¹ This section facilitated the flow of approximately 300 mmscf/d of gas.

The primary technical challenge for the project involves the River Niger Crossing, which necessitated a series of strategic evaluations and interventions early in the year.⁴² In June 2025, NNPC Limited initiated a technical review of the OB3 crossing to replicate successful learnings from the similar crossing completed for the AKK pipeline.⁴³ As of the end of November 2025, NNPC Limited reported that early construction works were ongoing as the project team prepared to commence the critical drilling phase required to finalize the River Niger segment and bring the entire pipeline into full operation.⁴⁴



3.4 Domestic Refining Sector

The year 2025 was a watershed period for Nigeria's refinery sector driven by a combination of government partnership and private capital deployment. This segment examines key developments involving major stakeholders, including Backbone Infrastructure Nigeria Limited, Gasoline Associates International Limited, and the Dangote Group.



41. https://cms1977.nnpcgroup.com/uploads/NNPC_Limited_Monthly_Report_Summary_July_2025_2_b18aeb764b.pdf

42. https://cms1977.nnpcgroup.com/uploads/NNPC_Limited_Monthly_Report_April_2025_58e0d92227.pdf

43. https://cms1977.nnpcgroup.com/uploads/NNPC_Limited_Monthly_Report_Summary_June_2025_af8f70693f.pdf

44. https://cms1977.nnpcgroup.com/uploads/NNPC_Monthly_Report_NOVEMBER_2025_29e81a0649.pdf

Dangote Refinery Announced Expansion of the Dangote Petroleum Refinery

The Dangote Group announced an expansion program to expand the capacity of the Dangote Petroleum Refinery from 650,000 bpd to 1.4 mmbpd by 2028.⁴⁵ If realized, this expansion would position the facility as the world's largest single-train refining complex, surpassing comparable infrastructure in Jamnagar, India. To achieve this expansion, Dangote executed a partnership agreement with Honeywell International Inc. through which Honeywell will supply proprietary refining systems, specialized catalysts, and process technologies essential for processing a diverse slate of crude grades. Furthermore, the expansion includes petrochemical growth, targeting an increase in polypropylene capacity to 2.4 million metric tons annually using Honeywell's Oleflex technology.

To further the expansion of the refinery, Dangote Group indicated an intent to dilute its equity by listing between 5% and 10% of the refinery's shares on the Nigerian Stock Exchange within the coming year, alongside actively seeking strategic equity partnerships with Middle Eastern entities.⁴⁶

With regards to the commercial distribution market, Sunbeth Energies Limited executed a definitive agreement with the Dangote Refinery for the purchase and nationwide distribution of refined products.⁴⁷ The partnership is structured to mitigate supply chain inefficiencies and ensure consistent product availability across Sunbeth's retail network.

Backbone Infrastructure Nigeria Limited (BINL) Secured Funding for Free Trade zone and Refinery Development

BINL announced that it successfully secured funding commitments exceeding US\$50 billion for the development of the Sunshine Free Trade Zone and a 500,000 barrels-per-day (bpd) refinery in Ondo State.⁴⁸ A special

purpose vehicle, Sunshine Joint Venture Infrastructure Limited, was incorporated to execute the project and a Memorandum of Understanding was executed with the Ondo State Government in July 2025, to establish the state as a refining and export hub within the Niger Delta corridor. The project will be located within a 1,471-hectare industrial cluster in the Ilaje Local Government Area, integrating logistics facilities and residential zones to support the refinery's operations.

Gasoline Associates International Limited Launched a Private Refinery on Ogun State

Gasoline Associates International Limited formally launched a private refinery project in Ipokia, Ogun State. Spearheaded by Dr. Lukman Akande Bolaji, the project utilizes a phased development strategy, commencing with an initial processing capacity of 100,000 bpd, with a potential to scale to 450,000 bpd. Commercially, the facility is designed to produce a full slate of refined products including premium motor spirit, automotive gas oil, and aviation turbine kerosene.⁴⁹



45. <https://punchng.com/just-in-dangote-refinery-partners-with-us-firm-honeywell-for-mega-refinery-expansion/>

46. <https://punchng.com/dangote-refinery-to-list-10-stake-on-ngx/>

47. <https://punchng.com/sunbeth-energies-partners-dangote-refinery-on-fuel-supply/>

48. <https://www.thecable.ng/50bn-secured-for-refinery-free-zone-development-in-ondo-says-backbone-infrastructure/>

49. <https://thenationonlineng.net/gail-refinery-berths-in-ogun-unveils-long-term-plan/>



KEY CHALLENGES IN THE OIL AND GAS SECTOR

| Inadequate Optimization of Petroleum Production

The 2025 crude oil and gas production data present a petroleum sector that is recovering but not yet optimized. The data indicates that the sector is unable to consistently meet the 1.5 mmbpd OPEC quota, implying lost revenue to the country and a need for improved technical interventions in upstream assets. For the gas sector, while utilization is commendable at 92%, the persistence of gas flaring exceeding 9% in some months calls for improved enforcement of gas flaring prohibitions.

| Crude Oil Price Volatility

The Federal Government benchmarked the 2025 budget on a crude price of US\$75 per barrel and a production target of 2.06 mmbpd. However, market realities frequently diverged from these benchmarks. While Bonny Light traded at a premium of US\$78.62 per barrel in June 2025, temporarily exceeding the budget benchmark, the trajectory reversed in the third and fourth quarters. By September 2025, the average price

of Bonny Light fell to US\$70.20 per barrel, driven by oversupply concerns and aggressive tariff measures introduced by the United States. By early December 2025, the price had further deteriorated to an average of US\$65.50 per barrel, with spot prices trading as low as US\$65.77.

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| Operational and Marketability Issues

Beyond pricing, the sector faced severe commercial headwinds regarding the marketability of Nigerian crude grades. In March 2025, traders reported that largely 12 March-loading cargoes remained unsold due to weak demand and stiff competition from cheaper alternatives like US WTI and Mediterranean sweet crudes. Furthermore, the oil industry consistently failed to meet the budgetary 2.06 mmbpd target. Production oscillated from 1.54 mmbpd in January to 1.51 mmbpd in June, and down to 1.42 mmbpd in December 2025. This deficit against the budget goal implies that even when prices were favourable (as in June), the volume was insufficient to maximize revenue. In a broader context, potential geopolitical developments pose significant downside risks to an oil market already struggling to find strong bullish momentum.

I PMS Price Instability

A primary challenge identified in the fiscal year 2025 is the lack of pricing stability, which creates a hostile environment for commercial activities in the country. This degree of exposes marketers and supply chain operators to inventory risks and financial uncertainty.

I Inflationary Pressures and Year-on-Year Adjustments

While the latter part of 2025 showed signs of stabilization, the larger part of the year was spent in battling severe inflationary headwinds inherited from the previous year. In January and February 2025, the year-on-year PMS price increases were 88.29% and 83.38% respectively. This indicates that for the first half of the year, the cost of energy input for businesses nearly doubled compared to 2024, driving up operational costs across all dependent sectors. A trend reversal occurred in October 2025, where the average price of ₦1,052.31 represented an 11.18% decrease compared to October 2024. This suggests that while the market is cooling, it is stabilizing at a new, high baseline compared to historical norms, presenting a challenge for consumer purchasing power.

I Domestic Refining Struggles

Despite the narrative of expanding refining capacity, the sector struggled to sustain refinery operations with crude feedstock as NNPC Limited could not adequately meet the full feedstock requirements of local refineries. In the course of the year, the "Naira-for-Crude" framework was hampered by availability issues, thereby forcing the Dangote Refinery to import crude from the United States and Angola to maintain operations. Further, contrary to expectations, the state-owned refineries (Port Harcourt, Warri, and Kaduna) remained inactive. Data from the NMDPRA confirm that as of November 2025, these refineries were in "shut down mode" due to maintenance and critical safety concerns, with no contributions to national

supply.

Dangote Refinery's relative operational successes of the year were, however, tempered by industrial friction. In late September 2025, the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) declared a nationwide strike following the alleged mass dismissal of over 800 Nigerian workers at the Dangote Refinery. Subsequently, following conciliation meetings mediated by the National Security Adviser and the Ministry of Labour and Employment, the strike was suspended on October 1, 2025. The resolution resulted in a settlement agreement whereby the Dangote Group committed to reabsorbing the disengaged workers into its various subsidiaries without loss of pay. PENGASSAN, however, maintained a caveat that industrial action will resume without notice should the terms of the reconciliation agreement be breached.

I Operational Security and Infrastructure Risks

Persistent pipeline vandalism, oil theft, and host community conflicts continued to constrain onshore production, forcing operators to incur unpredictable expenses. Additionally, the reliance on trucking for product distribution due to the poor state of pipeline infrastructure remained a logistical bottleneck and a safety hazard.





5

OUTLOOK FOR 2026

I Upstream Production Targets and Gas Strategy

NNPC Limited reiterated its target to increase crude oil production to 2 mmbpd by 2027, making 2026 a critical ramp-up year.⁵⁰ This growth is contingent on the successful containment of theft and the improved performance of upstream assets. Likewise, 2026 will be pivotal for the "Decade of Gas" initiative. NNPC Limited aims to expand gas production toward a target of 12 billion cubic feet per day (bcf/d) by 2030.⁵¹ Focus will be on the completion of the AKK natural gas pipeline project, feeding the NLNG Train 7 project and domestic gas to-power obligations, supported by the US\$8 billion investment commitments secured in 2025.

I Downstream Pricing and Protectionism

A defining event for the downstream sector in 2026 will be the implementation of the 15% import duty on premium motor spirit (petrol) and diesel. While initially approved for October 2025, the Federal Government approved the postponement of this tariff until the first quarter of 2026.⁵² This deferment suggests that by Q1 2026, the Federal Government expects local refining capacity (likely driven by the Dangote Refinery and modular refineries) to be robust enough to handle domestic demand without relying heavily on imports.

The implementation of this duty is intended to serve as a corrective policy to protect local refiners and stabilize downstream market prices, marking a potential end to the era of reliance on imported fuel.

I Operationalization of Gas Infrastructure

The year 2026 is targeted for the completion and commissioning of several gas projects. Five mini-LNG plants in Ajaokuta, Kogi State, are scheduled to come online by mid-2026.⁵³ Specifically, Highland LNG's Phase 1 facility (10 mmscf/d) is scheduled for commissioning in the fourth quarter of 2026. These projects are strategically designed to serve stranded businesses and off-grid industrial customers in Northern Nigeria using virtual pipeline solutions (trucking LNG/CNG). By 2026, this infrastructure is expected to begin visibly impacting Nigeria's industrial growth by providing cheaper, sustainable fuel sources to regions lacking pipeline access.⁵⁴



50. <https://theelectricityhub.com/nnpes-%E2%82%A67-1trn-energy-push-delivers-%E2%82%A65-4trn-profit/>

51. <https://nnpcgroup.com/insights/press-release-nnpc-limited-declares-5-4-trillion-profit-after-tax>

52. <https://punchng.com/tinubu-shifts-15-fuel-import-duty-to-q1-2026/>

53. <https://www.youtube.com/watch?v=Ns9QJJDJNSQ>

54. <https://nnpcgroup.com/insights/nnpc-ltd-partners-launch-97mmscf-d-capacity-five-mini-lng-plants-in-ajaokuta-as-fg-restates-commitment-to-use-gas-for-economic-growth-development>

I NNPC Limited's Divestment and IPO

A major outlook for the oil and gas sector in 2026 is the proposed divestment of NNPC Limited's stake in petroleum assets. While the full details of the divestment process are yet to be disclosed by the NNPC Limited, it is expected that the divestment will attract investments from both domestic and foreign petroleum companies. In addition, the leadership of NNPC Limited indicated that NNPC Limited is on track to be listed on the stock exchange by 2028 and that a corporate governance restructuring is underway as part of strategic efforts to prepare for the initial public offering.⁵⁵

I Local Content Enforcement

The NCDMB set 2026 as a deadline for stricter compliance and capacity building milestones. Effective January 1, 2026, the Nigerian Content Fund Clearance Certificate will become mandatory for obtaining key permits and approvals from the NCDMB. The NCDMB also indicated the possibility of onboarding a new set of Project 100 Companies after the successful implementation of approved interventions relating to the first set of Project 100 Companies, launched in 2019, for which an exit plan is slated for April 2026. Project 100 Companies is an initiative of the Ministry of Petroleum Resources and the NCDMB under which 100 indigenous companies in the oil and gas industry are nurtured and empowered to higher levels of competitiveness through capacity building and access to market opportunities.

I Fiscal and Tax Reforms

The consolidation of Nigeria's tax framework under the Nigerian Tax Act and the introduction of a unified tax administration regime are expected to modify the compliance landscape for operators. Additionally, it would be essential for operators to leverage on the new incentives introduced by the new tax laws. While these reforms hold promise for improved coordination

and certainty, their practical effect on investment decisions will depend on implementation clarity from regulators.

Renewed Momentum in Upstream and Deepwater Investment

Driven by recent orders on tax incentives for deep offshore assets and non-associated gas, upstream operations are also expected to regain momentum as investors gradually invigorate interests in deepwater and offshore. Commitments by ExxonMobil to invest up to US\$1.5 billion in Nigerian deepwater developments over the next 2 years, alongside the anticipated FID for the revitalisation of the Usan field and accelerated development at the Owowo and Erha fields, signal renewed confidence.⁵⁶ Similarly, expectations by the NUPRC of incremental production gains following the deployment of the EMEM FPSO to the Okwok Field align with the Federal Government's objective to boost oil production.⁵⁷

I Ownership and Joint Venture Realignment

The major oil and gas transactions in 2025 point to a reconfiguration of ownership and risk allocation within the sector, particularly by indigenous operators. Seplat's discussions with NNPC Limited concerning Seplat's potential 10% divestment in the NNPC Limited/Seplat Joint Venture indicate a growing tendency among indigenous companies to rebalance capital exposure and commitments.⁵⁸ Meanwhile, acquisitions by Renaissance, Aradel and Heirs Energies reflect Nigerian companies' growing ambition in the oil and gas industry.

50. <https://punchng.com/nnpcl-to-list-on-stock-exchange-by-2028-gceo/>

56. <https://www.nuprc.gov.ng/exxonmobil-to-commit-1-5-billion-dollars-investment-in-nigerias-deepwater-oil-fields/>

57. <https://www.nuprc.gov.ng/komolafe-inspects-emem-fpsa-ahead-of-final-voyage-to-nigeria/>

58. https://doclib.ngxgroup.com/Financial_newsdocs/44974_seplat_energy_plc-seplat_energy_plc_capital_markets_day_18_sept_2025_corporate_actions_september_2025.pdf

I Global Market Context

A significant external threat to the Nigerian petroleum sector in 2026 is the projected record surplus in global oil supply. The International Energy Agency December Oil Market Report projects that global oil supply will increase by 2.4 mmbpd in 2026 following a 3 mmbpd rise in 2025 and global oil demand has been forecasted to increase by 860 kbpd in 2026 following an 830,000 increase in 2025. This creates an imbalance that could exceed demand by over 3 mmbpd in 2026.⁵⁹

This supply glut is driven by a surge in non-OPEC+ output (particularly from the US, Brazil, and Canada) and a slowdown in demand growth. In addition, financial institutions have downgraded crude oil price forecasts significantly. Goldman Sachs projects Brent crude averaging US\$56 per barrel in 2026,⁶⁰ while Barclays forecasts US\$60 per barrel.⁶¹ This indicates a severe fiscal exposure for the Federation if 2026 budget benchmark of US\$64.85 barrels per barrel is not realized. Additionally, the demand for Declaration of Cooperation crude (relating to OPEC+) is forecast to be 43.0 mmbpd in 2026.⁶² As such, as Nigeria attempts to raise crude oil production, it may face strict quota adherence pressures amidst an oversupplied oil market.

I Key Takeaway

The outlook for the Nigerian oil and gas industry in 2026 is characterized by a dichotomy of domestic capacity expansion coupled with a bearish external market environment. Also, the sector is expected to be shaped by the implementation of new fiscal and tax frameworks enacted in 2025. Recent policy actions and investment signals suggest a measured attempt to stabilize government revenues, restore investor confidence in the upstream sector, and align regulatory frameworks with longer-term production and energy transition objectives.



59. <https://www.iea.org/reports/oil-market-report-december-2025>

60. <https://www.reuters.com/business/energy/goldman-sachs-sees-oil-prices-falling-through-2026-supply-surge-2025-11-17/#:~:text=The%20bank%20forecast%20Brent%20crude,about%20the%20global%20energy%20industry>

61. <https://www.reuters.com/business/energy/barclays-cuts-2025-2026-brent-crude-forecast-opec-accelerates-output-hikes-2025-05-05/>

62. <https://momr.opec.org/pdf-download/>

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