OLANIWUN AJAYI

Oil & Gas

2025 WRAP UP | 2026 OUTLOOK

Contents

Foreword

This ninth edition of our Annual Oil & Gas Report captures another defining chapter in Nigeria's evolving energy story. 2025 has been a year of transition and recalibration, marked by bold policy reforms, milestone transactions and renewed investor confidence, even as global price volatility tested the resilience of the industry.

One key highlight of the year under review was the completion of the acquisition of 100% of Shell Petroleum Development Company Limited (**SPDC**) by Renaissance Africa Energy Company Limited in March 2025, marking the end of Shell's long-standing onshore presence in Nigeria and reinforcing the increasing prominence of indigenous and locally led consortia in Nigeria's upstream operations. Equally emblematic of the sector's revival was the announcement by the flagship upstream subsidiary of the NNPCL, NNPC E&P Limited (**NEPL**) that the company hit a record production of 355,000 barrels of oil per day on 1 December 2025, its highest daily output since 1989. This 36-year production high signals not only improved operational performance but also the sector's ability to translate reform momentum into measurable outcomes.

In the policy and regulatory space, the enactment of landmark legislation including the Nigeria Tax Act (the **NTA**), the Nigeria Tax Administration Act, the Nigeria Revenue Service Act (**NRSA**), and the Joint Revenue Board Act (**JRBA**) (together, the Tax Reform Laws), signalled a clear effort to modernise Nigeria's fiscal and regulatory landscape, improve transparency, and create a more competitive environment for investors. Alongside targeted incentives in the oil and gas sector, the reforms are expected to enhance investor confidence and facilitate greater capital inflows into the industry.

Gas continued to define Nigeria's energy narrative. With more than USD 8 billion in gas-related Final Investment Decisions (**FIDs**) recorded between June 2024 and October 2025, and continued progress on flagship projects such as Nigerian Liquefied Natural Gas (NLNG)'s Train 7 and the Ajaokuta-Kaduna-Kano (**AKK**) gas pipeline, the country's Decade of Gas agenda has gained renewed momentum. Together, these initiatives highlight Nigeria's commitment to leveraging its gas potential for industrial growth, export diversification, and regional energy leadership.

However, 2025 also brought external headwinds. Declining oil prices and fluctuating global demand tested fiscal stability, thereby reinforcing the urgency of the country's push towards gas monetisation as one of the pathways of economic resilience.

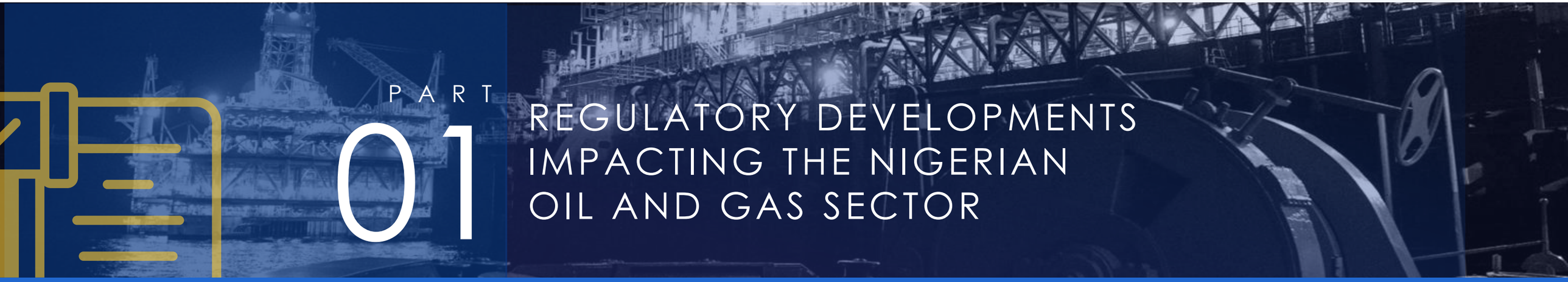
At Olaniwun Ajayi LP, we remain privileged to be actively involved in shaping the next phase of Nigeria's energy evolution. We continue to advise on transformative mandates across the Nigerian oil and gas value chain. One example is our role as counsel to African Refinery Port Harcourt Limited in connection with the development of a state-of-the-art 60,000 barrels-per-day greenfield petroleum refinery in Eleme, Rivers State. Our work on projects of this scale is a testament to our deep industry expertise as well as our commitment to advancing Nigeria's energy infrastructure and supporting the government's drive toward self-sufficiency in refined petroleum products. Against this backdrop, we also launched our Gas and Emerging Energies Practice in 2025, a deliberate and strategic move that reflects our conviction that natural gas and cleaner energy solutions will be central to Nigeria's long term energy security, industrial competitiveness, and transition agenda. Through this practice, we provide our clients with forward looking legal support that positions them at the forefront of opportunities in gas commercialization, midstream infrastructure, and emerging energy technologies.

As we look ahead, we remain confident in the promise of Nigeria's oil and gas industry and the opportunities that lie within its ongoing transformation. We thank our clients, partners, and industry stakeholders for their continued trust, and we reaffirm our dedication to supporting the growth and sustainability of the sector as we navigate its next phase together.

Tominiyi Owolabi

Managing Partner, Olaniwun Ajayi LP

2025 WRAP UP



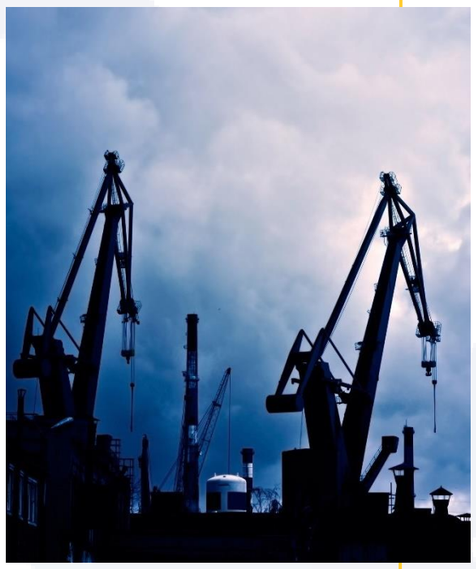
PART 01

REGULATORY DEVELOPMENTS IMPACTING THE NIGERIAN OIL AND GAS SECTOR

2025 witnessed a wide range of regulatory and fiscal reforms which were aimed at stabilising the macroeconomic environment, strengthening investor confidence and improving competitiveness in the petroleum value chain. This reform agenda culminated in the enactment of landmark legislation including the Nigerian Insurance Industry Reform Act 2025, the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, as well as the proposed amendment of the Petroleum Industry Act (the **PIA**) through the Petroleum Industry (Amendment) Bill 2025. Further, the Nigerian Upstream Petroleum Regulatory Commission (**NUPRC**) and Nigerian Midstream and Downstream Petroleum Regulatory Authority (**NMDPRA**), in exercise of their statutory powers, continued to issue regulatory instruments aimed at implementing the provisions of the PIA.

Against the foregoing, this section of the Report highlights key regulatory developments, with a focus on legislative and regulatory instruments introduced or proposed in 2025.

Nigerian Insurance Industry Reform Act 2025



The Nigerian Insurance Industry Reform Act 2025 (the **NIIRA**), which came into force on 5 August 2025, repeals the Insurance Act 2003 alongside other legacy statutes long considered obsolete,[1] such as the Marine Insurance Act,[2] the Motor Vehicles (Third Party Insurance) Act,[3] the National Insurance Corporation of Nigeria Act,[4] and the Nigeria Reinsurance Corporation Act.[5] The NIIRA introduces a modern, flexible regulatory framework aligned with international best practices and responsive to the evolving needs of the Nigerian insurance sector.[6]

Under the NIIRA, oil and gas and power insurance are now consolidated within the broader category of 'energy' and as a distinct class of 'non-life' insurance business.[7] The NIIRA expands the scope of what constitutes domestic insurance and reinsurance to expressly include oil and gas insurance and reinsurance, essentially reinforcing the requirement for companies to prioritise the procurement of insurance covers from Nigerian insurance providers, subject to available local capacity. However, where the risk arising from petroleum operations is of an exceptional nature, or local capacity is demonstrably inadequate, an exemption can be obtained from the National Insurance Commission (**NAICOM**).[8] The NIIRA further mandates insurance cover for petroleum liquids and gas refilling stations, as well as for petroleum products in transit.[9] A detailed analysis on the impact of the NIIRA on the oil and gas operations is available in our Newsletter here.

1. 'The Dawn of a New Era as President Bola Ahmed Tinubu Signs the Nigeria Insurance Industry Reform Act 2025 into law' *NAICOM* (14 August 2025) <https://naicom.gov.ng/2025/08/14/the-dawn-of-a-new-era-as-president-bola-ahmed-tinubu-signs-the-nigeria-insurance-industry-reform-act-2025-into-law/> accessed 22 October 2025.
2. *Marine Insurance Act,* Cap M2 Laws of the Federation of Nigeria (LFN) 2004.
3. *Motor Vehicles (Third Party Insurance Act,* Cap M22 LFN 2004.
4. *National Insurance Corporation of Nigeria Act,* Cap N54, LFN 2004.
5. *Nigeria Reinsurance Corporation Act,* Cap N131, LFN 2004. See also *Nigeria Insurance Commission,* 'The Dawn of a New Era as President Bola Ahmed Tinubu Signs the Nigeria Insurance Industry Reform Act 2025 into law' *NAICOM* (14 August 2025) <https://naicom.gov.ng/2025/08/14/the-dawn-of-a-new-era-as-president-bola-ahmed-tinubu-signs-the-nigeria-insurance-industry-reform-act-2025-into-law/> accessed 22 October 2025.
6. ibid.
7. Nigerian Insurance Industry Reform Act 2025 (NIIRA), s 3(3)(e).
8. *NIIRA, s 204(5).*
9. *NIIRA, s 78(1).*

Nigeria Tax Act 2025

Beyond its broader fiscal reforms, a defining feature of the **NTA** is its consolidation of tax laws (including taxation provisions in the PIA) into a single statute, enhancing coherence, clarity and consistency for taxpayers and regulators. Key oil and gas-facing provisions include:

Extension of hydrocarbon tax (HCT) to deep offshore operations:[10]

A clear departure from the PIA framework, under which deep offshore operations were expressly exempted from HCT and subject solely to Companies Income Tax (**CIT**). Given the significantly higher cost incurred in developing deep offshore assets, this new tax exposure may disincentivise investment in these operations.

Abolition of the 1% Retention Requirement for Qualifying Capital Expenditure:[11]

Operators may now claim full capital allowances over the asset's useful life, thereby improving capital efficiency and simplifying tax compliance for petroleum operators.

Tax Deductibility for 30% Decommissioning and Abandonment funds (D&A Fund) in Accredited Nigerian Banks

Unlike the tax provisions in the PIA, which allowed tax deductibility for all amounts contributed to the D&A Fund,[12] tax deductibility now applies only where at least 30% of the D&A fund is domiciled in an escrow account with an accredited Nigerian bank, in line with criteria set by the Central Bank of Nigeria. [13]

Introduction of a 15% Effective Tax Rate (ETR)

To ensure that large corporations, defined as companies with annual turnover of ₦20,000,000,000 (twenty billion naira) or more in the relevant year of assessment,[15] contribute at least a minimum level of tax in Nigeria, irrespective of deductions, incentives, or exemptions that may otherwise reduce their taxable income.[16] In addition, where the ETR of a qualifying company is less than 15%, such company is required to recompute and pay an additional "top-up" tax sufficient to bring its ETR to 15%.[17]

Introduction of a Fossil Fuel Surcharge:

A 5% levy which is computed based on the retail price of all chargeable fossil fuel products and applies at the first point of sale, supply or payment for such fossil fuel transactions.[14]

Imposition of 4% Development Levy

A development levy of 4% is now imposed on the assessable profits of all chargeable companies, excluding small and non-resident companies.[18]

10. *Nigeria Tax Act (NTA), 2025, s 65.*
11. *NTA, Sch 1, para 4(2).*
12. *Petroleum Industry Act (PIA), 2021, s 263(1)(e).*
13. *NTA, s 86.*
14. *NTA, s 159.*
15. *NTA, s 57(2).*
16. *NTA, s 57.*
17. *NTA, s 57(1).*
18. *NTA, s 59(1).*

Nigeria Tax Administration Act 2025

The Nigeria Tax Administration Act (**NTAA**) complements the NTA by establishing a unified framework for the administration of tax laws in Nigeria. Separate from the imposition of general tax filing obligation on all companies, the NTAA specifies filing obligations for different classes of companies in the petroleum sector, which we have represented below.

Applicable Entity	Obligation Type	Filing Timeline
Midstream (LNG) & Upstream Entities	Profits and Losses Returns	Within 2 months after the start of each accounting period.[19]
Newly Incorporated Upstream Companies	Audited Returns	Within 18 months of incorporation.[20]
Existing Upstream Companies	Audited Returns	Within 5 months after any accounting period ending on 31 December.[21]
Licensees / Lessees engaged in petroleum operations	Self-Assessment Royalty Return	Effective date of the NTAA[22] or start of production (whichever is earlier).[23]
Licensees / Lessees	Monthly Royalty Returns	On or before the 14th day of the following month.[24]
Licensees / Lessees	Annual Royalty Returns	Not later than five months from the end of the accounting period.[25]

The NTAA also stipulates that penalties and interest apply[26] for late payment or non-submission of taxes, royalties, or other statutory remittances, including daily fines for continued defaults and interest on outstanding amounts.[27]

Accordingly, companies operating in the petroleum sector must fully comply with the obligations set out in the NTAA to avoid the penalties associated with non-compliance.

19. *NTAA, s 12(1), 16(1).*
20. *NTAA, s 17(1)(a).*
21. *NTAA, s 17(1)(b).*
22. *The NTAA came into effect on 26 June 2025.*
23. *NTAA, s 18(1).*
24. *NTAA, s 18(2).*
25. *NTAA, s 19.*
26. *NTAA, s 129.*
27. *NTAA, s 128(1). Interest on outstanding amounts is calculated as follows: (x) for foreign-currency transactions, the prevailing secured overnight financing rate (SOFR) (or any successor rate) plus ten percent (10%); and (y) for Naira-denominated transactions, 2% above the CBN Monetary Policy Rate.*

Petroleum Industry (Amendment) Bill 2025

2025 also ushered in proposed amendments to the PIA via the Petroleum Industry (Amendment) Bill, 2025 (**PIB**) which seeks to address overlaps in the regulatory remit of the NUPRC and the NMDPRA amongst others. The key proposed amendments are outlined below.

Clarification of regulatory roles in relation to integrated operations: by establishing a joint NUPRC-NMDPRA project team to oversee the technical regulation;[28] develop operational guidelines, harmonise data, and equitably allocate regulatory fees between both agencies

Empowerment of the NUPRC to act as the government's representative in all model contracts: by replacing NNPC Limited with the NUPRC as concessionaire in all subsisting Production Sharing Contracts (**PSCs**).[29]

Modification of the funding framework for the Frontier Exploration Fund: by replacing the PIA's 30% of NNPC Limited's profit oil and profit gas under PSCs, profit sharing contracts, and risk service contracts with annua appropriations from the National Assembly, capped at 5% of the government's profit oil or profit gas from similar contracts in the preceding year.[30]

Realignment of NNPC Limited Ownership and Governance Structure: by vesting ownership directly in the Federation, designating Ministry of Finance Incorporated (**MOFI**) as sole shareholder of NNPC Limited and agent of the Federation,[31] and entitling MOFI to an annual fee of $1,000,000 (one million United States Dollars) for exercising shareholder rights.[32]

28. *Petroleum Industry (Amendment) Bill, 2025, (PIB 2025) s 2.*
29. *PIB 2025, s 3.*
30. *PIB 2025, s 4.*
31. *PIB 2025., s 7.*
32. *ibid.*

Nigerian Upstream Petroleum (Commercial) Regulations 2025

The Nigerian Upstream Petroleum (Commercial) Regulations, 2025 (the **Commercial Regulations**), issued by the NUPRC, and effective from 5 May 2025, establish a comprehensive framework for the regulatory approval and oversight of the commercial aspects of upstream petroleum operations. The framework aims to maximise economic recovery, improve cost efficiency, and enhance value retention in the Nigerian upstream sector. The Commercial Regulations provide a governance regime for key commercial upstream activities, including:

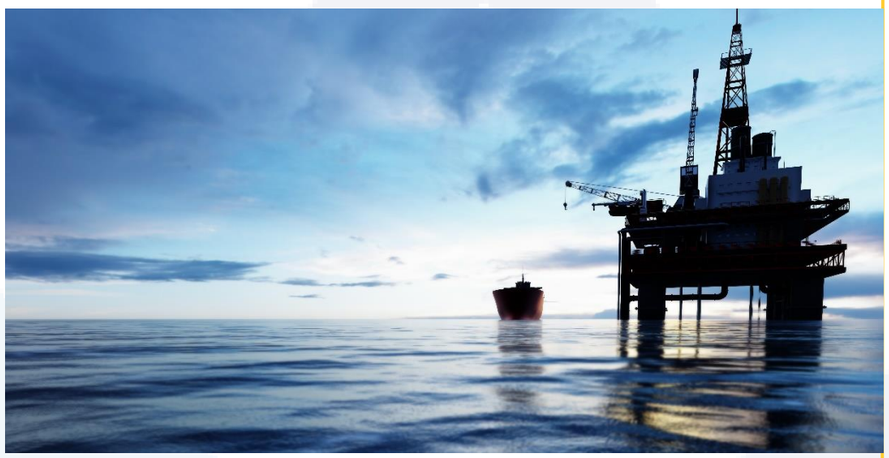
- field development plans (**FDPs**), which must be submitted within 2 (two) years of commercial discovery,
- phase development plans, which may be submitted once a licensee is ready to commit to any phase detailed in its FDP, and
- annual work programmes, which must be submitted between 15th October and 16th November every year.

The Commercial Regulations also prescribe timelines for applications and stipulate penalties for non-compliance. A full analysis of the Commercial Regulations is available in our Newsletter accessible here.

Upstream Petroleum Fees and Rents (Temporary) Regulations 2025

The Upstream Petroleum Fees and Rents (Temporary) Regulations (the Upstream Fees Regulations) establish an interim framework for determining fees and rents applicable to upstream petroleum operations, pending consultations and the issuance of a substantive regulatory instrument. Intended as a stopgap, the Upstream Fees Regulations apply for an initial six-month period[33], with a possible six-month extension subject to the Minister's approval.[34]

The Upstream Fees Regulations apply to all licences and leases granted or preserved under the PIA and the Petroleum Act 1969, as well as to applicants for approvals, permits, or authorisations for upstream activities.[35] No licence, lease or permit will be granted until the applicable fees are paid in full,[36] force majeure does not exempt licensees or lessees from their obligation to pay annual fees and rents.[37] Upon payment, the fees are generally non-refundable except in cases of erroneous over-payments.[38] The Upstream Fee Regulations permit adjustments to the fees, subject to Ministerial approval, to reflect changes in economic conditions and administrative costs.



33. *The six-month period from the commencement of the Regulations expired on 5 November 2025, and the Regulations ceased to operate on that date unless an extension is granted by the Minister.*
34. *Nigerian Upstream Petroleum (Commercial) Regulations, 2025. reg 2(2).*
35. *ibid., reg 2(1).*
36. *ibid., reg 6(7).*
37. *ibid., reg 4(5).*
38. *ibid., reg 6(4) & 8(3).*

Draft Midstream and Downstream Petroleum Safety and Environmental Regulations 2025

The proposed Midstream and Downstream Petroleum Safety and Environmental Regulations, 2025 (the **Draft Petroleum Safety and Environmental Regulations**) is intended to harmonise and replace multiple extant regulations, to eliminate inconsistencies and duplication, creating a single, coherent framework governing safety, environmental, and Decommissioning & Abandonment (**D&A**) operations in midstream and downstream activities.

The Draft Petroleum Safety and Environmental Regulations reinforce existing obligations regarding D&A, environmental management systems, waste management plans, and environmental remediation funds. Overall, the harmonised regime, once effective, is expected to enhance regulatory clarity and streamline compliance for participants in the midstream and downstream sectors.

Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025

The Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025 (the **CEI Order**) which took effect on 30 April 2025, reflects a major policy shift by the Federal Government of Nigeria towards performance-based fiscal incentives in the upstream sector.

Aimed at reducing Nigeria's historically high unit operating cost (**UOCs**)[39] and improving competitiveness, the CEI Order introduces a tax credit mechanism whereby eligible cost savings achieved by operators can generate tax credits up to a proportion of the government's incremental share from those savings.[40] The tax credit is capped at 20% of a company's annual tax liability[41] and any unutilised tax credits in a given year may be carried forward for up to three (3) years, providing flexibility for companies to maximise the benefit.[42] These incentives subsist until May 31, 2035, unless an extension is granted.[43]

While the CEI Order is broad in its scope and applies to all upstream petroleum operators[44] as well as onshore, shallow water, and deep offshore terrains,[45] eligibility for the incentives thereunder is however, hinged on companies achieving or exceeding cost-reduction targets set by the NUPRC[46] and subject to verification and compliance mechanisms set by the NUPRC. The CEI Order is designed to incentivise disciplined cost management and enhanced production performance, aligning Nigeria's cost base more closely with global benchmarks and improving investment appeal.

39. *Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025, para 1.*
40. *Ibid, paras 4 & 5.*
41. *ibid, para 6(2).*
42. *ibid, para 6(5).*
43. *ibid, para 4(3).*
44. *ibid, para 2(1).*
45. *ibid, para 3.*
46. *ibid, para 3(3)*

Guidelines for the Operationalisation of Advance Cargo Declaration Regulation, 2025

The NUPRC issued the Guidelines for the Operationalisation of Advance Cargo Declaration Regulation, 2025 (**ACD Guidelines**), which implements the Nigerian Upstream Petroleum Advance Cargo Declaration Regulations, 2024. The ACD Guidelines apply to all licences and leases granted by the PIA and to all crude oil, natural gas, natural gas liquids and petroleum products from all terminals and export points in Nigeria.

The ACD Guidelines set out procedures for obtaining export permits, vessel clearances, and unique identification numbers for export cargoes.[47] Applications are to be made via the Commission Advance Cargo Portal and all payments must be made to an account designated by the NUPRC.[48] Terminal operators and exporters must ensure the completeness and accuracy of information submitted; failure to do so may result in denial of vessel clearance and consequent inability to export. [49]

Guidelines for Management of Green House Gases and Fugitive Emissions from Midstream and Downstream Petroleum Operations in Nigeria 2025

The NMDPRA issued the Guidelines for Management of Green House Gases (**GHG**) and Fugitive Emissions from Midstream and Downstream Petroleum Operations in Nigeria 2025 (the **GHG Guidelines**) in November 2025. The aim of the GHG Guidelines is to reduce, and over time, eliminate GHG and fugitive emissions across midstream and downstream petroleum operations, aligning Nigerian practice with emerging global standards.

The GHG Guidelines require new licensees and permit holders to submit a GHG Management Plan (**GHG Plan**) to the NMDPRA for approval as part of the licensing process.[50] The GHG Plan must set out, among other things, the scope of operations and emission sources[51], an inventory of GHG-emitting equipment,[52] baseline emission data against which future emissions will be measured,[53] and the procedures for emission quantification and accounting.[54]

Licensees of existing facilities are required to develop and submit a GHG Plan within six (6) months of the effective date of the GHG Guidelines.[55] Alternatively, where a GHG Plan had been previously submitted or approved, it must be updated within the same 6-month window to reflect any material changes in operations, equipment, or emission sources.[56]

The GHG Guidelines also introduce technical procedures, operational standards and compliance requirements aimed at ensuring standardised monitoring, effective mitigation, and transparent reporting of GHG and fugitive emissions throughout the lifecycle of midstream and downstream petroleum facilities.[57]

With mandatory GHG management plans and clear reporting standards, the 2025 Guidelines establish a new compliance framework that drives measurable emission reduction across Nigeria's petroleum value chain.

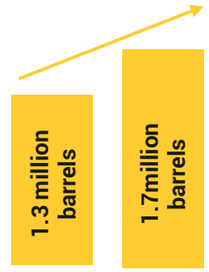
47. *Guidelines for the Operationalisation of Advance Cargo Declaration Regulation, 2025, para 3.*
48. *ibid., para 6.*
49. *ibid., para 4.1.1.*
50. *Guidelines for Management of Green House Gases and Fugitive Emissions from Midstream and Downstream Petroleum Operations in Nigeria 2025, paragraph. 2.2.1.*
51. *ibid., paragraph 2.2.3(c).*
52. *ibid., paragraph 2.2.3(d).*
53. *ibid., paragraph 2.2.3(e).*
54. *ibid., paragraph 2.2.3(f).*
55. *ibid., paragraph 2.2.2(a).*
56. *ibid., paragraph 2.2.2(b).*
57. *ibid., paragraph 1.3.*

PART 02

NIGERIAN OIL AND GAS MARKETS IN NUMBERS

Production Volume

Crude and condensate production settled into a pattern of measured recovery following the operational disruptions of recent years. Monthly averages through 2025 fell within the **1.3–1.7 million barrels** per day range, with production averaging about **1.5 million barrels** per day in December 2025.[58]

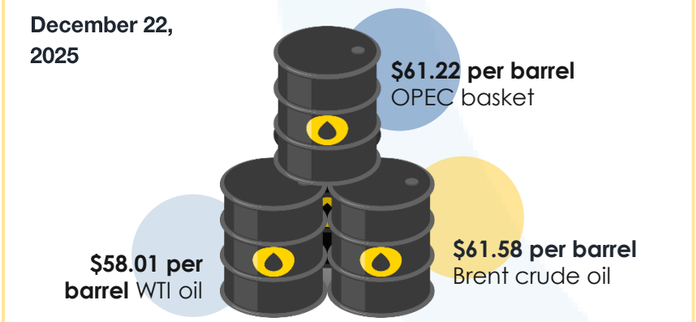


Monthly average in 2025

This performance reflects a combination of improved security in the Niger Delta, asset uptime in several onshore and offshore hubs, modest ramp-ups in FPSO capacity, and ongoing repairs to legacy facilities. Nonetheless, it remains well below the country's theoretical peak capacity and the Federal Government's targeted output levels.

Price Data

International benchmark prices continued to drive fiscal receipts and investment signals for Nigeria. Brent crude remained the primary price reference for export valuations and fiscal modelling; spot and futures prices exhibited the normal market volatility driven by macroeconomic factors, with spot ranges seen in the low-to-mid **US$60s per barrel** in late 2025.



As of December 22, 2025, the Brent crude oil price stood at **$61.58 per barrel**, compared to **$58.01 for WTI oil and $ 61.22** for the **OPEC basket**.[59]

Oil and Gas Reserves

In April 2025, proved crude and condensate reserves were reported to hit a record high of **37.24 billion barrels**

while total gas endowments (associated and non-associated) are reported in the order of **210.5 trillion cubic feet.**[60]

The NUPRC also reported that the Reserves Life Index, a key indicator of resource sustainability, is **64 years for oil and 93 years for gas**, demonstrating the country's long-term production potential and its capacity to support both domestic energy security and export commitments for decades to come.[61]

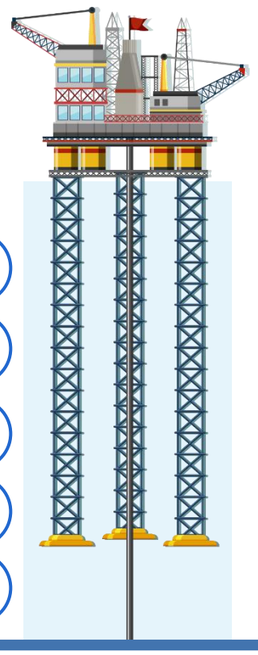
58. Nigerian Upstream Petroleum Regulatory Commission, 'Nigeria's Oil Output Rises 9.9% Year-on-Year As NUPRC Releases July Production Data' (25 August 2025) link here accessed 08 November 2025; Nigerian Upstream Petroleum Regulatory Commission, Crude Oil and Condensate Production - 2025 < link here > accessed 03 February 2026.
59. Oil Price Chart link here accessed 04 February 2025.
60. Odinaka Anudu, 'Nigeria's gas reserves hit record 210.5trn cubic feet, to last 93 years- NUPRC' Businessday (12 April 2025) https://businessday.ng/energy/oilandgas/article/nigerias-gas-reserves-hit-record-210-5trn-cubic-feet-to-last-93-years-nuprc/ accessed 8 November 2025.
61. ibid.

Active Rig Count

The national rig count had risen to sixty-nine (69), representing a remarkable 762.5% increase from the eight rigs recorded in 2021.[62]

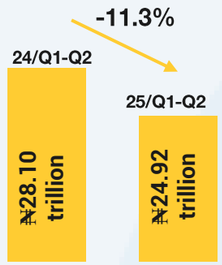
Of the total rigs reported;

- forty (40) were active — 40
- Eight (8) were on standby — 8
- five (5) on warm stack — 5
- four (4) on cold stack — 4
- twelve (12) in transit — 12



The NUPRC also expects this upward trajectory to continue, driven by increased field reactivations, renewed exploration campaigns, and policy measures targeting dormant or underdeveloped assets. The rebound in rig activity in the country signals renewed upstream investment appetite and also reinforces the broader narrative of a sector gradually regaining production stability and positioning for sustained growth in the medium term.

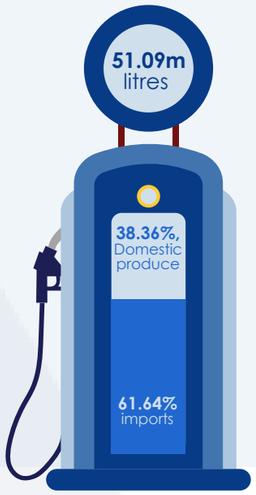
Trade (Import & Export) Data



Crude Oil Exports

Nigeria's oil trade performance in 2025 reflected both structural challenges and emerging shifts in domestic refining capacity. According to data from the National Bureau of Statistics (NBS), crude oil exports declined by **₦3.18 trillion in the first half of 2025**, dropping to **₦24.92 trillion** compared to **₦28.10 trillion** recorded in the corresponding period of 2024, representing an **11.3% year-on-year decline.**[63]

On the downstream front, data from the NMDPRA revealed that between January and December 2025, Nigeria recorded an average daily supply of **51.09 million litres** of Premium Motor Spirit (PMS). Of this volume, domestic refineries accounted for **38.36%,** while the remaining **61.64%** was met through imports.[64] Although Nigeria remains a net exporter of crude oil and a net importer of refined petroleum products, the increasing operational stability of local refining capacity is expected to progressively narrow the import-export gap in the medium term.



Major Players

A defining feature of 2025 was the divestment of onshore and shallow-water assets from international oil companies to domestic players.

In the year under review, Renaissance Africa Energy Company Limited completed the acquisition of Shell Petroleum Development Company of Nigeria Limited (SPDC), thereby assuming operatorship of SPDC's long-held onshore assets.

Similarly, Seplat Energy Plc and Oando Plc each marked the first anniversary of their respective acquisitions of ExxonMobil's shallow-water and Eni's onshore portfolios, milestones that underscore the deepening role of indigenous independents in sustaining Nigeria's Upstream output.

On the midstream and downstream front, the commencement of delivery of refined petroleum products from the Dangote refinery directly to retail stations was a major development widely regarded as a game changer for domestic fuel availability and pricing, with potential to significantly reduce import dependence and stabilise downstream market dynamics.

62. Nigerian Upstream Petroleum Regulatory Commission 'NUPRC @4- Commission Lists 16 High Impact Achievement Post-PIA' (5 October 2025) https://www.nuprc.gov.ng/nuprc-4-commission-lists-16-high-impact-achievements-post-pia/> accessed 8 November 2025
63. Tobi Tunji, 'Nigeria's crude oil exports drop by N3.18 trillion in six months' Nairametrics (15 September 2025) https://nairametrics.com/2025/09/15/nigerias-crude-oil-exports-drop-by-n3-18-trillion-in-six-months/#google_vignette> accessed 8 November 2025.
64. NMDPRA, 'State of the Midstream and Downstream Sector' NMDPRA Fact Sheet (November 2025) NMDPRA Fact Sheet: November 2025> accessed 29 December 2025.

PART 03

HIGHLIGHTS OF THE NIGERIAN CRUDE OIL LANDSCAPE IN 2025

The Nigerian crude oil landscape in 2025 was characterised by significant realignments in asset ownership, regulatory advancement, and renewed investment momentum across the upstream sector. These developments reflected the deepening implementation of the PIA and the Federal Government's continued drive to restore production capacity, strengthen indigenous participation, and attract sustainable investment. We have highlighted below, significant events and projects that have sharpened the Nigerian oil sector.

UPSTREAM SECTOR

AFRIPERF Charter

2025 marked a transformative year for Nigeria's oil and gas sector, defined by regulatory progress, renewed investments, and deeper indigenous participation that set the stage for sustained industry growth. Nigeria reinforced its regional leadership in petroleum governance by signing the African Petroleum Regulators Forum (**AFRIPERF**) Charter, a key step towards promoting investment and harmonising petroleum regulations across African oil-producing countries. AFRIPERF's mission is to set the standard for regulatory excellence on the continent by fostering cooperation, enhancing transparency, and addressing cross-border challenges such as gas trade, emissions, and digitalisation.[65] By endorsing the AFRIPERF Charter, Nigeria reaffirmed its commitment to fostering continental collaboration, positioning itself as a regional driver of sustainable oil and gas development.

Increased Drilling Activities

The year also recorded approximately US$8 billion in capital inflows into the upstream sector spanning exploration, appraisal, and development projects. There was a rise in drilling activity which reflected renewed investor confidence supported by the government's commitment to operational reforms within the sector. It also signaled the gradual recovery of Nigeria's production capacity, particularly in offshore assets.

Upstream Mergers & Acquisition

Beyond the acquisition of SPDC by Renaissance Africa Energy, other notable transactions that further shaped the upstream mergers and acquisitions landscape in 2025 included the divestment by TotalEnergies of its **12.5%** non-operated interest in **OML 118 (Bonga Field)** to Shell, consolidating Shell's deepwater portfolio and reinforcing the trend of international oil companies (IOCs) prioritising offshore assets.

65. 'Nigeria spearheads Africa-wide push for harmonised oil regulations' Offshore Technology (22 September 2025) <link here> accessed 23 October 2025.

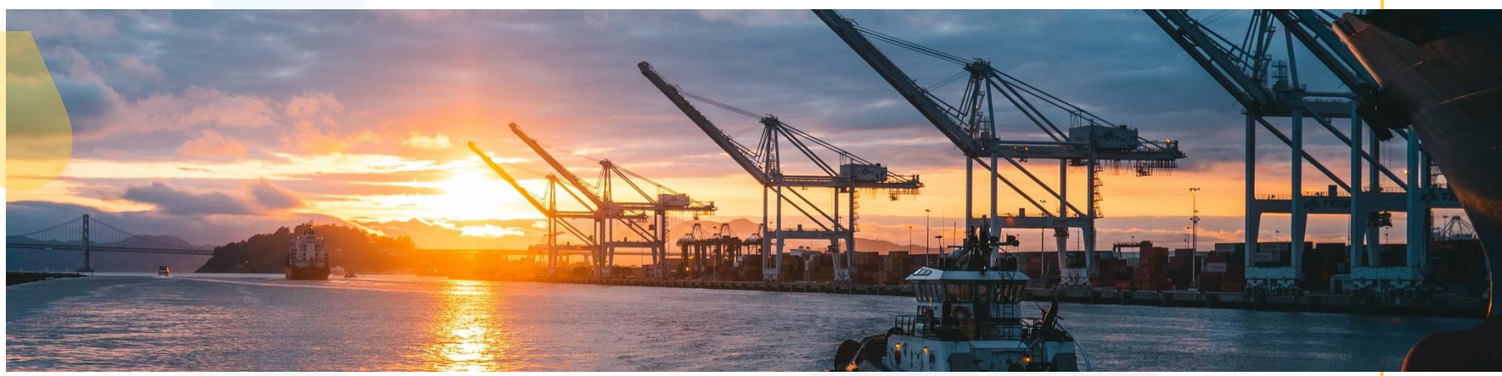
Breakdown of Acquisition

Conversely, the year also saw the breakdown of TotalEnergies' proposed **$860 million** divestment to indigenous firm, Chappal Energies, following Chappal's inability to meet key financial obligations to NUPRC.[66] This setback underscored the financial constraints that affect indigenous participation in large-scale asset acquisitions within Nigeria's upstream sector.

Offshore PSC & Potential Market Re-Entry

In another major development, the Federal Government of Nigeria entered into a **PSC** with TotalEnergies for select deepwater and offshore oil blocks, in partnership with South Atlantic Petroleum (**Sapetro**). The agreement demonstrated renewed collaboration between the Federal Government and international operators in developing capital-intensive offshore projects. In the same vein, Petrobras, the Brazilian national oil company, indicated renewed interest on a potential re-entry into Nigeria's offshore sector particularly the frontier deepwater acreage.[67]

> 2025 marked a turning point for Nigeria's oil and gas sector, defined by regulatory reforms, renewed capital inflows, and rising indigenous participation that collectively set the foundation for sustained growth.



PPL-PML Conversion

A major regulatory milestone was achieved by Ingentia Energies, which became the first awardee of the 2020 Marginal Field Bid Round to convert a Petroleum Prospecting Licence (PPL 202) to a Petroleum Mining Lease (PML 66), closely followed by Multishub Energy successful conversion of **PPL 218** in the Olure Field to PML.[68] This milestone demonstrated the effective operationalisation of the PIA licensing provisions and NUPRC's commitment to ensuring a seamless transition from exploration to production.[69]

Drill or Drop Policy

Despite these positive developments, the year also underscored the operation of the NUPRC's Drill-or-Drop (DoD) policy as a mechanism for enforcing discipline in asset management.[70] Reports indicate that over **forty (40) PPLs** expired on 27 June 2025, with more than **twenty (20) licence** holders having sought extensions from the NUPRC without success.[71] As a result, many PPLs remained in limbo upon expiration, with only three reportedly nearing conversion. The delays reflected persistent issues relating to project financing, technical capacity, and compliance with approved work programmes. These challenges highlight the need for continued regulatory support, capacity-building for indigenous operators, as well as the hesitance by financial institutions to invest in risky exploration activities.

66. Cynthia Egboboh, 'Why TotalEnergies' $860 million deal with Chappal was cancelled' *Business Day (*24 September 2025) <link here> accessed 23 October 2025.
67. Bunmi Aduloju, 'Explainer: What Petrobras' potential return means for Nigeria's deepwater operations' *The Cable,* (6 September, 2025) <link here> accessed 23 October 2025
68. 'NUPRC Oversees Conversion of First PPL from 2020 Bid Round as Ingentia Energies pledges to deliver over 5 Wells' *NUPRC* (12 September 2025) <link here> accessed 22 October 2025.
69. Macson Obojemuinmin 'Ingentia, Multisub, receive Petroleum Mining Licences (PMLs)...NUPRC plans a coming Out Handshake' *Africa Oil and Gas report,* (9 September 2025) <link here> accessed 23 October 2025.
70. The policy requires oil operators to commence production within a three-year period, with non-compliance resulting in forfeiture of the fields to the Government. 'Nigeria to Enforce PIA's 'Drill or Drop' Clause < link here> accessed 2 December 2025.
71. Oluwatobi Adeyinka, 'Three months after license operation, over 20 ppl holders left in limbo' *Africa's Oil and Gas report* (Nigeria, 23 September 2025) <link here> accessed 22 October 2025.

Renewed Offshore Investment Momentum

Finally, the NUPRC announced plans to award **220 oil blocks**, including **59 offshore** deepwater blocks, as part of a major licensing round aimed at boosting reserves replacement and expanding production capacity.[72] This initiative represents one of the most ambitious acreage offerings in recent years and forms part of broader efforts to deepen indigenous participation and attract new investment in exploration. The announcement, coupled with ExxonMobil's **$1.5 billion** commitment to its deepwater oilfield developments,[73] reflects a reinvigorated offshore upstream environment with growing interest across both established and new industry players.

MIDSTREAM & DOWNSTREAM SECTORS

Dangote Refinery

Following the expiration of the initial six-month crude sales arrangement between NNPC Limited and Dangote Refinery under the FGN crude for naira initiative, the NNPC Limited and Dangote Refinery executed a two-year sales and purchase agreement in 2025.[74] The Dangote refinery also announced plans to increase the refinery's output from the current 650,000 bpd capacity to 1.4 million bpd and a potential listing of **5%** to 10% shares on the Nigerian Exchange Limited by 2026.[75] Already, the impact of the Dangote Refinery in Nigeria has been significant. Since the commencement of operations in September 2024, the Dangote Refinery has met a significant portion of Nigeria's total PMS consumption.[76] This figure is projected to ramp up with the proposed expansion of the refinery, as well as the guaranteed feedstock supply for the refinery from NNPC Limited's assets, thus promoting domestic energy self-sufficiency.

ARPHL Refinery

In Q1 2025, Nigerian Content Development and Monitoring Board (**NCDMB**), through its wholly owned subsidiary, Nigerian Content Intervention Company LTD/GTE, executed a share purchase agreement for the acquisition of 20% equity stake in the 100,000 barrels per day refinery project being established by African Refinery Group Ltd and NNPC Limited. This strategic investment is premised on Section 70 (h) of the NOGICDA Act, which empowers NCDMB to promote Nigerian content participation in the oil and gas industry.[77]

72. Dare Olawin, 'NUPRC to license 220 oil blocks' *Punch Newspaper* (7 August 2025) < link here> accessed 23 October 2025.
73. 'Exxonmobil to commit 1.5 billion dollars investment in Nigeria's deepwater oil field' *NUPRC* (6 May 2025) <link here> accessed 23 October 2025..
74. Dare Olawin, 'NNPC, Dangote refinery sign fresh two-year crude deal' *Punch* (30 September 2025) link here accessed on 23 October 2025.
75. Emmanuel Addeh, 'Dangote Refinery Targets 1.4.million BPD output to become World's Largest, Plans stock market listing' *Arise News* (23 October 2025) link here accessed on 23 October 2025.
76. Udeme Akpan, 'Dangote Refinery's operations boost domestic supply by 135.6%- Report' *Vanguard (19 October 2025)* link here accessed 23 October 2025.
77. NCDMB Acquires 20% Equity in 100kbpd African Refinery Project' *NCDMB* (9 March 2025) https://ncdmb.gov.ng/ncdmb-acquires-20-equity-in-100kbpd-refinery-project/ accessed on 4 December 2025.

Emerging Refineries

In Q3 2025, the Ondo State Government executed a memorandum of understanding with Backbone Infrastructure Nigeria Limited (BINL) for the development, financing, construction and operation of a 500,000 barrels per day refinery in Sunshine Industrial Park in Ogboti, Erunna.[78] The project is a joint venture with the Ondo State Development and Investment Promotion Agency (ONDIPA), with BINL holding a 65% equity stake, the state government 20%, and the NNPC Limited 15%. Further, Gasoline Associates International Limited unveiled its flagship refinery project in Ipokia, Ogun state.

Additionally, NMDPRA issued the following licences:

- **A licence to establish a 10,000 bpd refinery to MRO Energy Limited for the construction of a modular refinery at Imode, Ughelli South Local Government Area, Delta State;[79]**
- **A licence to construct a 100,000 bpd refinery to Eghudu Refinery Ltd in Edo State;[80]**
- **A licence to establish a 30,000 bpd refinery to MB Refinery and Petrochemicals Company Ltd in Delta State;[81] and**
- **A licence to establish a 10,000 bpd refinery to HIS Refining and Petrochemical Company Ltd in Abia State;[82]**

Crude Oil Export Terminal

Green Energy International Limited, an indigenous energy company commissioned its USD 400 million crude oil export terminal located in Port Harcourt, Rivers State with the full development cost projected to exceed USD 1.3 billion. This marks a historic milestone as Nigeria's first wholly indigenous onshore crude export terminal in over five (5) decades, and notably, the first onshore export terminal developed and operated by an African country.[83]

This creates a strategic opportunity for third party producers, especially the forty (40) nearby stranded fields estimated to produce 3 billion barrels of oil equivalent, to capitalise on the proximity of the terminal for the export activities. The terminal currently offers a storage capacity of 750,000 barrels, with expansion plans of up to 3 million barrels, boasts a pumping capacity of 360,000 barrels per day. This positions the terminal as one of the most significant infrastructure projects in the Nigerian oil and gas sector in 2025.

78. 'Hakeem Gbadamosi, 'Ondo govt, BINL sign MoU for 500,000bpd refinery, free trade zone' *Tribune Online* (17 July 2025) https://tribuneonlineng.com/ondo-govt-binl-sign-mou-for-500000bpd-refinery-free-trade-zone/ accessed on 3 December 2025.
79. Temitope Aina, 'FG approves licence for 10,000 barrels per day refinery' *Punch Newspapers* (22 January 2025) https://punchng.com/fg-approves-licence-for-10000-barrels-per-day-refinery/ accessed on 3 December 2025.
80. 'NMDPRA issues licenses for new 140,000bpd refineries in Edo, Delta, Abia' *Energy Times* (9 March 2025) https://www.energytimesng.com/nmdpra-issues-licenses-for-new-140000bpd-refineries-in-edo-delta-abia/ accessed 4 December 2025.
81. ibid.
82. ibid.
83. Faith Esifiho 'Green Energy unveils first $400M indigenous crude export terminal' *Business Day* (9 October 2025) <https://businessday.ng/energy/article/green-energy-unveils-nigerias-first-400m-indigenous-crude-export-terminal/ accessed 23 October 2025.

PART 04

PIVOT TOWARDS A GAS-POWERED FUTURE FOR NIGERIA

As the global energy landscape evolves, natural gas has emerged as a catalyst for Nigeria's transition strategy, serving as a bridge between fossils and cleaner energy solutions. The year 2025 marked a defining moment in this pivot as major policy, infrastructure, and investment milestones gradually positions Nigeria as a potential regional gas hub.

DOMESTIC GAS INITIATIVES

The Presidential CNG Initiatives (PCNGI)

1M
By 2027

Initiatives such as the PCNGI continues to accelerate the adoption of compressed natural gas (**CNG**) as a cleaner and affordable alternative to Premium Motor Spirits (**PMS**) with a target of **1 million CNG powered vehicles by 2027.** As at Q1 2025, over **100,000 vehicles** were converted to CNG powered vehicles.

$1b
targeted investment
$980m

While the Federal Government targeted $1 billion investment in CNG conversion projects, reports as of August 2025[84] indicates that more than $980 million has been invested in financing the construction Of CNG centres across the country.

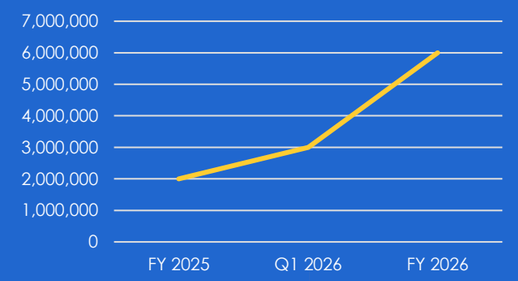
175
Nationwide CNG Stations
65

The number of CNG stations increased from eleven (11) in 2024 to sixty-five (65) in 2025, with about one hundred and seventy-five (175) new CNG stations expected by 2026[85]

84. PCNGi, 'Driving Nigeria Cleaner and Cheaper with CNG' https://pci.gov.ng/ accessed 16 October 2025; *Channels Television,* '$980m Private Capital Mobilised, 350CNG Conversion Centres Built in 18 Months – FG' (14 August 2025) https://www.channelstv.com/2025/08/14/980m-private-capital-mobilised-350-cng-conversion-centres-built-in-18-months-fg/ accessed 16 October 2025.
85. Dare Olawin, '175 CNG Refilling Stations Ready Next Year – FG' *Punch* (28 April 2025) https://punchng.com/175-cng-refilling-stations-ready-next-year-fg/ accessed 16 October 2025.

LPG Expansion

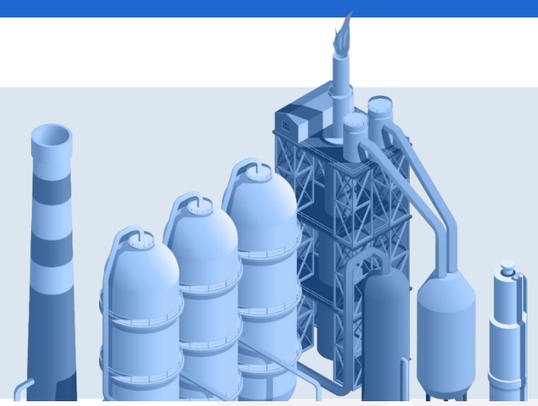
There were also gains in the expansion of the Liquefied Petroleum Gas (**LPG**) market across the domestic, commercial, and industrial sectors. Key developments in LPG infrastructure include Rainoil Gas' launch of ten (10) new LPG retail outlets in Nigeria as part of their "Road to 400" campaign,[86] and the commissioning of the 40,000 metric ton WAGL Energy Vessel MT Iyaloja (Lagos) in South Korea.[87]

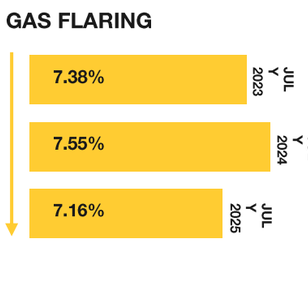


Additionally, in recognition of the projected increase in demand for LPG, from over two million metric tonnes in 2025 to three million metric tonnes by Q1' 2026, LPG marketers have targeted to increase LPG supply to six million metric tonnes yearly.[88]

NUPRC Gas Development Roadmap

In October 2025, the **NUPRC** announced a gas development roadmap aimed at unlocking over 55 trillion cubic feet of gas reserves, indicating a huge investment opportunity for indigenous and international players.[89] The initiative seeks to promote gas exploration, monetisation, and development of gas infrastructure.





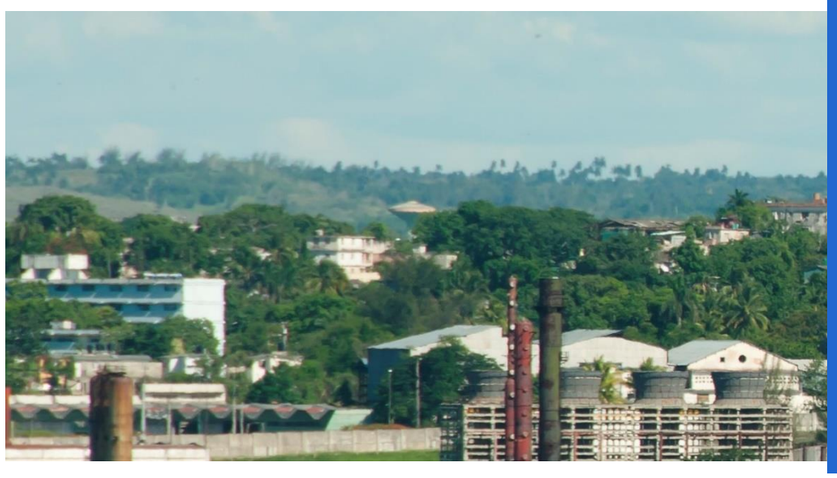
Nigerian Gas Flare Commercialisation Programme (NGFCP)

In July 2025, gas flaring reduced to 7.16% from 7.55% in 2024 and 7.38% in the corresponding period of 2023.[90] However, from August 2025, gas flaring increased month-on-month by 10%.[91] Although the NGFCP has been projected to unlock US$2,500,000,000 (Two billion, five hundred million United States dollars) in investments in the Nigerian energy sector,[92] this requires more commitment by upstream companies to stop flaring and explore flare gas monetisation initiatives. Notably, in 2025, Nigeria's first flare-gas-powered digital infrastructure was launched for the commercialization of flare gas and provision of clean energy to modular data centres for bitcoin mining and subsequent expansion into artificial intelligence and cloud computing hubs.[93]

The domestic gas initiatives demonstrate the Federal Government's commitment to a gas-driven economy through the development of relevant infrastructure and promotion of the use of gas in power generation, industrial processes, and transportation.

86. Business, 'Rainoil Commissions 10 New Fuel Stations, Pushes Towards 400-Station Target' *This Day* (15 July 2025) link here accessed 17 October 2025.
87. Damilola Aina, 'NNPC, Sahara Unveil New 40,000 Cubic Metre LPG Vessel in South Korea' *Punch* (18 August 2025) link here accessed 17 October 2025.
88. Damilola Aina, 'Gas marketers target 6m-tonne LPG supply, predict price drop' *Punch* (29 October 2025) link here accessed 30 October 2025.
89. Olalekan Adigun, 'NUPRC unveils gas development roadmap, attracts $4.9 billion CAPEX investments' *Nairametrics* (9 October 2025) link here accessed 29 October 2025.
90. NUPRC, 'Nigeria's Gas Production Hits Daily Average of 7.59 Billion SCF as NUPRC Releases July Production' (30 August 2025) link here accessed 17 October 2025.
91. Udeme Akpan, 'Gas policy under threat as flaring worsens' *Vanguard* (3 November 2025) link here accessed 04 November 2025.
92. Cynthia Egboboh 'FG eyes $2.5bn investment from gas flare commercialisation program' *Business Day* (26 February 2025) link here accessed 29 October 2025.
93. Juliet Ebrim, 'Landmark agreement launches Nigeria's first flare gas-powered digital infrastructure project' *Vanguard* (29 May 2025) <link here> accessed 03 December 2025.

NATURAL GAS PRODUCTION DATA 2025



Nigeria's total gas production for the period of January to December 2025 was 2,270,014mmscf. The highest output being 250,880.54mmscf in the month of July and the lowest being 198,320.26mmscf in the month of September.

The cumulative production performance underscores the sector's resilience amid varying external and internal factors affecting production trends.

Additionally, following the execution of long-term Gas Supply Agreements between Nigeria Liquefied Natural Gas Limited (NLNG) and several upstream gas suppliers[95] for the delivery of 1.29 bscf/d of feed gas to NLNG, it is expected that these commitments will result in significant increase in gas production output whilst reinforcing Nigeria's position as one of Africa's leading LNG exporters.[96]

94. NUPRC, 'Gas Production Data' https://www.nuprc.gov.ng/wp-content/uploads/2025/11/2025-Monthly-Gas-Data-for-Publication_October-2025.pdf accessed 29 December 2025.
95. This includes NNPCL Amni International Petroleum Development Company Limited, Sunlink Energies and Resources Limited, First Exploration & Petroleum Development Company Limited, Shell Nigeria Exploration and Production Company (SNEPCo), NNPC Gas Marketing Limited, NNPC E&P Limited, Shell Nigeria Gas Solutions Limited, Oando Group, and Aradel Holdings, etc.
96. Marc Howard, Victor Bassey, 'Nigeria increases gas production as NLNG signs major supply deal' Africa Energy (7 September 2025) https://www.africa-energy.com/news-centre/article/nigeria-increases-gas-production-nlng-signs-major-supply-deal accessed 03 December 2025.

UPDATE ON CRITICAL GAS INFRASTRUCTURE PROJECTS

NLNG Train 7

In June 2025, NLNG announced that its groundbreaking seventh gas liquefaction train project (**Train 7**) has reached eighty percent (80%) completion. Train 7 is designed to expand NLNG's production capacity from 22 mtpa to nearly 30 mtpa, a thirty-five percent (35%) increase that will significantly enhance Nigeria's footprint in the global LNG market. Upon completion,[97] Train 7 is expected to catalyse economic growth by boosting LNG exports, expanding LPG supply for domestic use, creating thousands of indirect employments, and reinforcing Nigeria's position as one of Africa's leading LNG suppliers.

The Ajaokuta-Kaduna-Kano (AKK) Pipeline

In December 2025, the Chief Executive Officer of the NNPC announced the completion of the mainline of the AKK gas pipeline.[98] The pipeline, widely regarded as most critical pieces of infrastructure projects under Nigeria's Decade of Gas Initiative is being executed in three distinct phases.[99] Upon completion, the AKK pipeline will establish a robust inter-regional gas transmission backbone, linking the eastern, western, and northern parts of the country. It is expected to unlock significant value across the gas value chain and deepen domestic gas penetration in northern Nigeria.

97. Damilola Aina 'Train 7 gas project now 80% complete' Punch (6 June 2025) https://punchng.com/train-7-gas-project-now-80-complete-nlng/ accessed 13 October 2025.
98. Bunmi Aduloju 'NNPC has completed main line of AKK gas pipeline, says Ojulari' The Cable (28 December 2025) https://www.thecable.ng/nnpc-has-completed-main-line-of-akk-gas-pipeline-says-ojulari/>accessed 29 December 2025.
99. Dare Olawin '614km AKK gas pipeline crosses River Niger' Punch (25 June 2025) https://punchng.com/614km-akk-gas-pipeline-crosses-river-niger/ accessed 03 December 2025.

The Obiafu-Obrikom-Oben (OB3) Pipeline

In 2025, the NUPRC commissioned the 113km western stretch of the Obiafu–Obrikom–Oben (**OB3**) Pipeline , with the commencement of transportation of 300 million standard cubic feet per day (mmscf/d) of gas from producers including Ashtavinayak Hydrocarbon Limited (250 mmscf/d) and the Platform Petroleum, Chorus Energy, Xenergi Group (50 mmscf/d).[100] OB3, another critical project under the Decade of Gas initiative, is intended to connect the eastern gas-rich fields to the western corridor, unlock stranded gas reserves, stimulate industrial growth, enable seamless east–west gas flow, improve supply reliability, and support Nigeria's ambition to become a regional gas hub.

Nigeria-Morocco Gas Pipeline (NMGP) Project[101]

The NMGP, also known as the African Atlantic Gas Pipeline, is a transcontinental infrastructure project jointly led by ONHYM and the NNPC Limited. It is expected to transport between 15 and 30 billion cubic metres of gas annually and serve thirteen (13) West African coastal states, reaching an estimated 400 million people. In addition to its coastal reach, internal domestic connections will link landlocked countries such as Niger, Burkina Faso, and Mali to the main line. The pipeline will eventually connect to the existing Maghreb–Europe Gas Pipeline, granting Nigerian gas direct access to the European market. In terms of financing, the project continues to attract investment as the United Arab Emirates will be joining the group of financiers which includes the European Investment Bank, the Islamic Development Bank, and the OPEC Fund.[102]

Upon completion, the NMGP is expected to significantly enhance regional energy security, promote economic integration across west and central Africa, and position Nigeria as a strategic supplier of gas to Europe.

100. Cynthia Egboboh 'NNPC commissions 113km portion of OB3 Gas pipeline project' Business Day (24 August 2025) https://businessday.ng/energy/oilandgas/article/nnpc-commissions-113km-portion-of-ob3-gas-pipeline-project accessed 13 October 2025.
101. Dare Olawin '$25bn Nigeria-Morrocco gas project company officially established" Business Day (2 October 2025) < https://punchng.com/25bn-nigeria-morocco-gas-project-company-officially-established /> accessed 3 December 2025.
102. Dare Olawin '$25bn Nigeria-Morrocco gas project company officially established" Business Day (2 October 2025) < https://punchng.com/25bn-nigeria-morocco-gas-project-company-officially-established/> accessed 3 December 2025.

FINANCING THE GAS FUTURE

Afreximbank and MDGIF Sign Strategic MoU to Accelerate Development of Gas Infrastructure in Nigeria

In September 2025, MDGIF and Afreximbank signed a landmark memorandum of understanding (MoU) at the sidelines of the fourth Intra-African Trade Fair (IATF2025) to establish a collaborative framework for developing, promoting, modernising, and expanding gas infrastructure in Nigeria.[103] The MoU sets out the framework for the mobilisation of up to US$500 million over a four-year period to support midstream and downstream gas infrastructure projects with the investment being structured as a combination of senior debt and equity contributions. The partnership would support indigenous capacity, strengthen investor confidence in the Nigerian gas sector, and aligns with Nigeria's energy transition plan.

Sunlink/SNEPCO Announced $US2,000,000,000 (Two billion United States dollars) FID on HI Gas Project

In October 2025, Shell Nigeria Exploration and Production Company Limited (SNEPCo), a subsidiary of Shell plc, and Sunlink Energies and Resources Limited announced the $2bn Final Investment Decision (FID) on the HI Gas development project,[104] a shallow offshore development located in Oil Mining Lease (OML) 144. Upon completion, it is expected to deliver 350 million standard cubic feet of gas per day (mmscf/d), equivalent to approximately 60,000 barrels of oil equivalent at peak production and nearly one third of feedstock gas required for the operationalization of NLNG's seventh liquefaction train project.

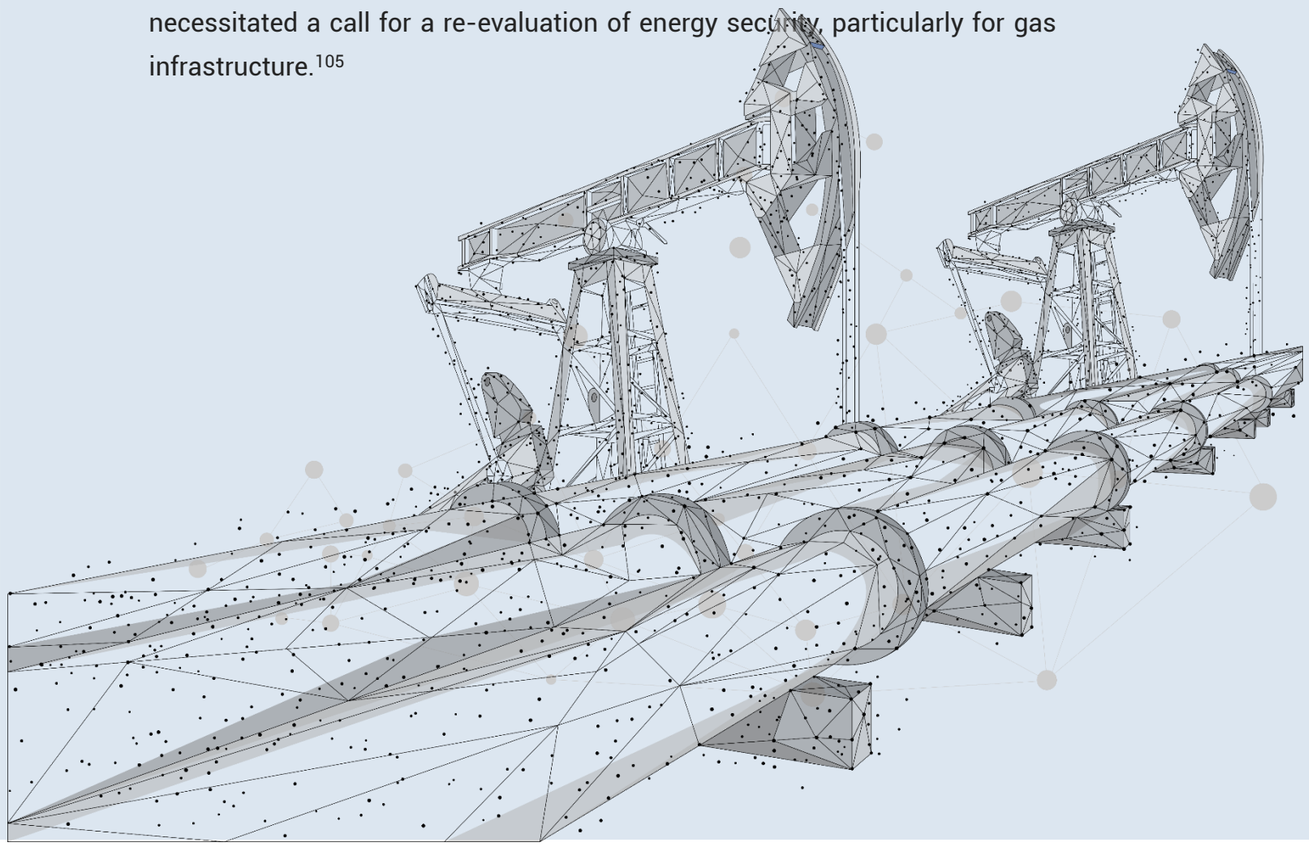
2025 marked a turning point as capital met ambition, unlocking billions to finance Nigeria's next generation of gas infrastructure

103. 'Afreximbank and MDGIF Sign Strategic MoU to Accelerate Development of Gas Infrastructure in Nigeria' (9 September 2025) https://www.afreximbank.com/afreximbank-and-mdgif-sign-strategic-mou-to-accelerate-development-of-gas-infrastructure-in-nigeria/ accessed 15 October 2025.
104. 'Shell invests in Nigeria offshore gas development' https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2025/shell-invests-in-nigeria-offshore-gas-development.html> accessed 15 October 2025.

KEY CHALLENGES IN THE NIGERIAN GAS SECTOR

Insecurity

Insecurity continues to remain a major challenge for the development of the gas sector in Nigeria. For instance, the attacks on the gas supply pipelines through illegal pipeline connections disrupted supply and forced NLNG to shut down production facilities leading to a 20% decline in production that disrupted NLNG's ability to meet global demand for liquefied gas. his also necessitated a call for a re-evaluation of energy security, particularly for gas infrastructure.[105]



Infrastructure Deficit

Whilst the ongoing investments in gas infrastructure is commendable, infrastructure deficit continues to impact gas output, with Nigeria requiring more than $20B annually to bridge the gas infrastructure deficit.[106] Lack of critical pipeline infrastructure yet remains a key factor for the lack of access to the country's vast natural gas reserves.

Pricing Regime

Pricing in the Nigerian gas market is largely regulated and whilst the regulatory framework contemplates a transition to a free market on a willing buyer willing seller basis at some point in the future, the determination of the transition triggers is not one that can be objectively assessed. For example, one of the conditions is to the effect that the transition will occur when the market is largely characterised by free market contracts. This introduces subjectivity, as what constitutes 'largely' is left to regulatory discretion.

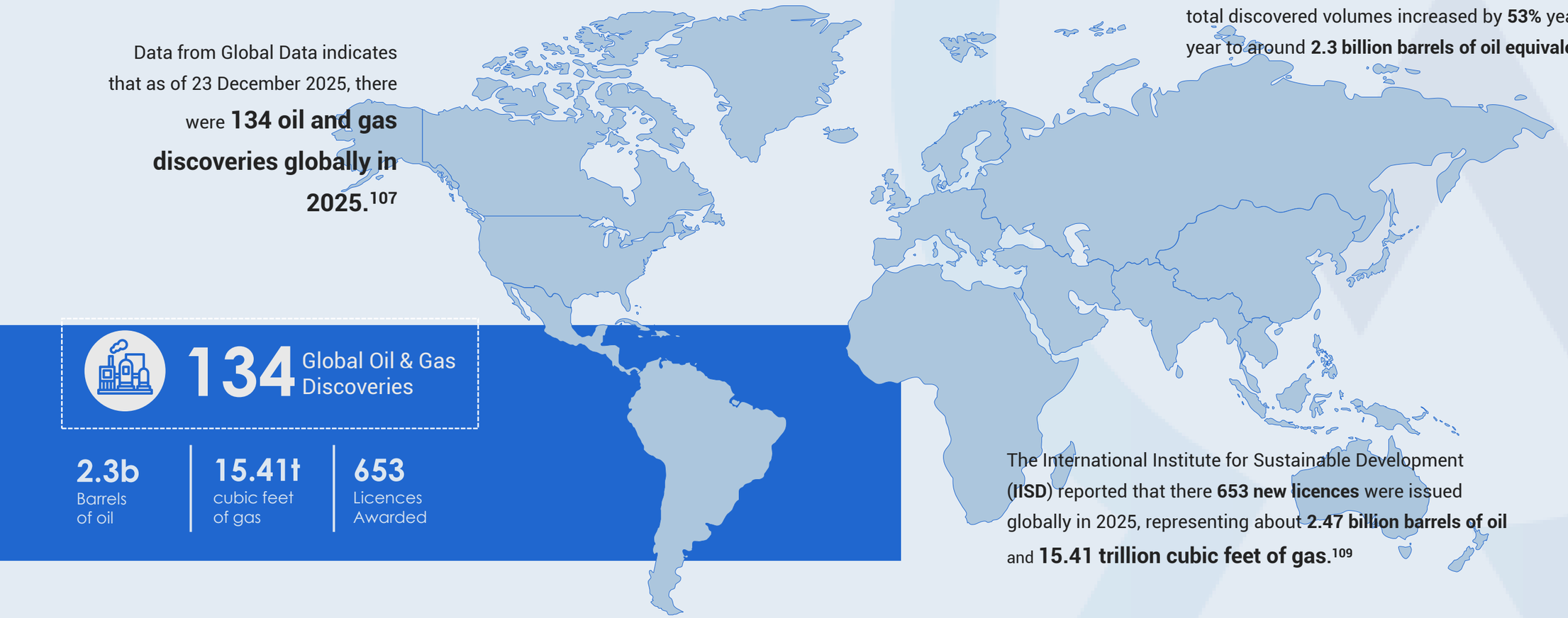
105. 'Pipeline Attacks Threaten FG's $862m Annual Income from NLNG' Vanguard (Nigeria, 27 February 2025) https://www.vanguardngr.com/2025/02/pipeline-attacks-threaten-fgs-862m-annual-income-from-nlng/ accessed 15 October 2025.
106. Yemisi Izuora, 'Nigeria's Gas Infrastructure Deficit Requires $20B Investment says NLNG' (4 March 24) <https://orientalnewsng.com/nigerias-gas-infrastructure-deficit-requires-20bn-investment-says-nlng/> accessed 30 October 2025.

PART 05

GLOBAL OIL AND GAS TRENDS

GLOBAL OIL AND GAS DISCOVERIES

Data from Global Data indicates that as of 23 December 2025, there were **134 oil and gas discoveries globally in 2025.**[107]



134 Global Oil & Gas Discoveries

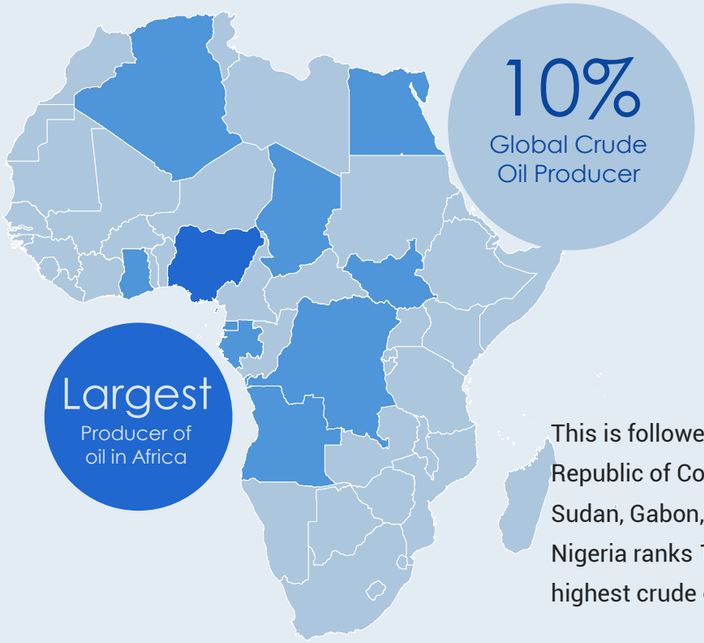
2.3b	**15.41t**	**653**
Barrels of oil	cubic feet of gas	Licences Awarded

According to Rystad Energy's research and analysis, total discovered volumes increased by **53%** year on year to around **2.3 billion barrels of oil equivalent**.[108]

The International Institute for Sustainable Development (**IISD**) reported that there **653 new licences** were issued globally in 2025, representing about **2.47 billion barrels of oil** and **15.41 trillion cubic feet of gas.**[109]

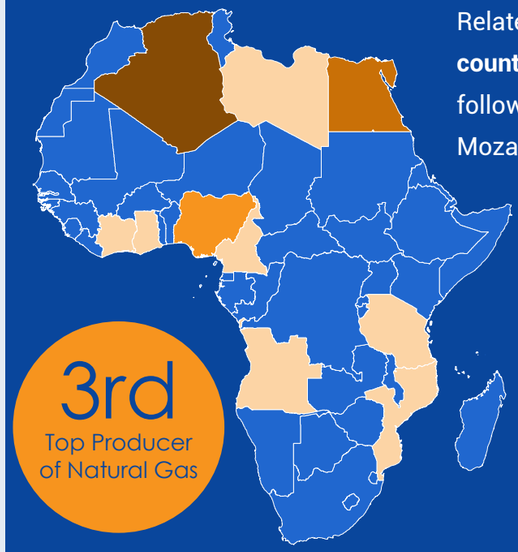
107. GlobalData, Global Oil and Gas Discoveries Review by Country, Operator, Terrain and Resource Type, 2025 (23 December 2025) <https://www.globaldata.com/store/report/oil-and-gas-discoveries-quarterly-market-analysis/> accessed 3 February 2026.
108. Rystad Energy, 'Africa Is Set to Dominate Global High-Impact Oil and Gas Drilling in 2026' (Oilprice.com, 29 January 2026) <https://oilprice.com/Energy/Energy-General/Africa-Is-Set-to-Dominate-Global-High-Impact-Oil-and-Gas-Drilling-in-2026.html> accessed 4 February 2026..
109. 'December 2025 | Carbon Minefields Oil and Gas Exploration Monitor' IISD (18 December 2025) https://www.iisd.org/publications/newsletter/december-2025-carbon-minefields accessed 4 February 2026.

NIGERIAN CRUDE AND GAS PRODUCTION, VIS-A-VIS AFRICAN NATIONS AND GLOBALLY



Nearly **10 million barrels of oil** is produced daily in Africa, which accounts for **10% of the global crude oil production**, and **Nigeria is the largest oil producer** in the African continent.[110]

This is followed by Angola, Algeria, Egypt, Republic of Congo, Equatorial Guinea, South Sudan, Gabon, Ghana and Chad[111] Additionally, Nigeria ranks 15 out of 145 countries, in highest crude oil production rankings 2025.[112]



Relatedly, Nigeria is reported to be the **third top African country producer of natural gas in 2025**.[113] Algeria ranks first, followed by Egypt and after Nigeria is Libya, Angola, Mozambique, Ghana, Ivory Coast, Cameroon and Tanzania.[114]

In addition, according to recent statistics, Nigeria is ranked number **19 out of 145 countries,** in highest natural gas production rankings 2025. [115]

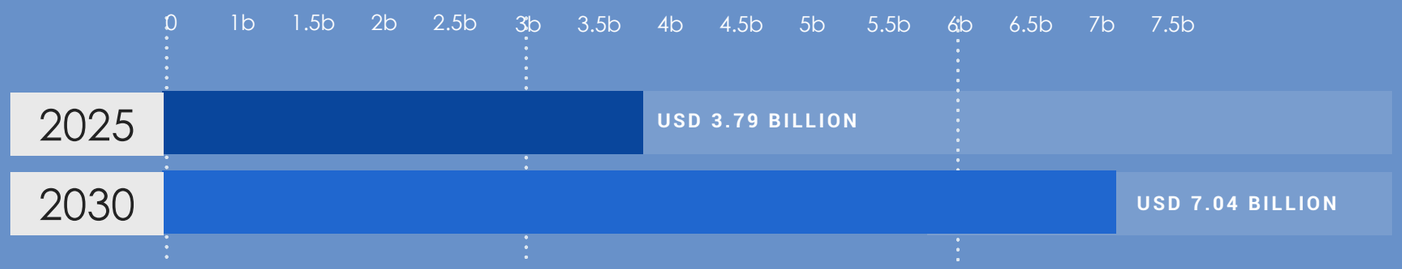
ADOPTION OF ARTIFICIAL INTELLIGENCE (AI) AND DIGITAL TECHNOLOGIES FOR EXPLORATION, PRODUCTION OPTIMIZATION.

AI and digitalisation for exploration and production have evolved from being mere experimental side-projects to core business components. Oil and gas companies that adopt an AI-first posture are projected to emerge as market leaders in the sector due to their ability to streamline exploration and production operations, from months to weeks and **cut operating costs by roughly 16.7%.**[116]

16.7%
Operating costs reduction

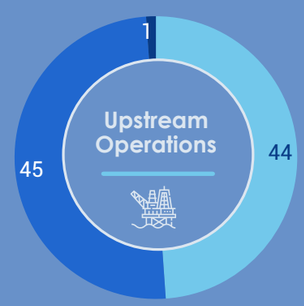
In a sector that is capital intensive, volatile and constantly evolving, digitalisation is almost inevitable as it improves operational workflows.[117]

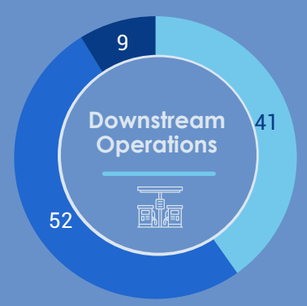
110. 'Top 10 Most Oil-Producing Countries in Africa 2025' The African Exponent (17 June 2025) link here accessed 23 December 2025.
111. ibid.
112. 'Crude Oil Production by Country (2025)' Global Fire Power <link here> accessed 23 December 2025
113. 'Top 10 African countries that produce the most natural gas in 2025' Business Insider Africa (21 April 2025) <link here> accessed 23 December 2025.
114. ibid.
115. 'Natural Gas Production by Country (2025)' Global Fire Power <link here> accessed 23 December 2025
116. Boston Consulting Group, 'The AI-First Oil and Gas Company' *Boston Consulting Group* (2025) https://www.bcg.com accessed 23 October 2025.
117. Cavintek Inc, Oil and Gas Industry Technology Trends for 2025: How Technology is Reshaping the Energy Sector *Cflow* (7 October 2025) link here accessed 21 October 2025.

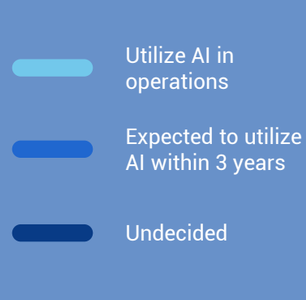


Market analysis by Mordor Intelligence estimates the market share of AI in the oil and gas sector at USD 3.79 billion in 2025, projected to reach USD 7.04 billion by 2030, at a compound **annual growth rate of 13.20%** during the forecast period of 2025-2030[118]

Additionally, a survey by IBM Institute for Business Value (IBM IBV) shows that 59% of oil and gas leaders expect AI to **contribute significantly to their revenue** while 75% say that AI investment will **deliver measurable competitive edge**, within 3 years.[119] The rapid integration of AI is largely due to its ability to optimize production processes.



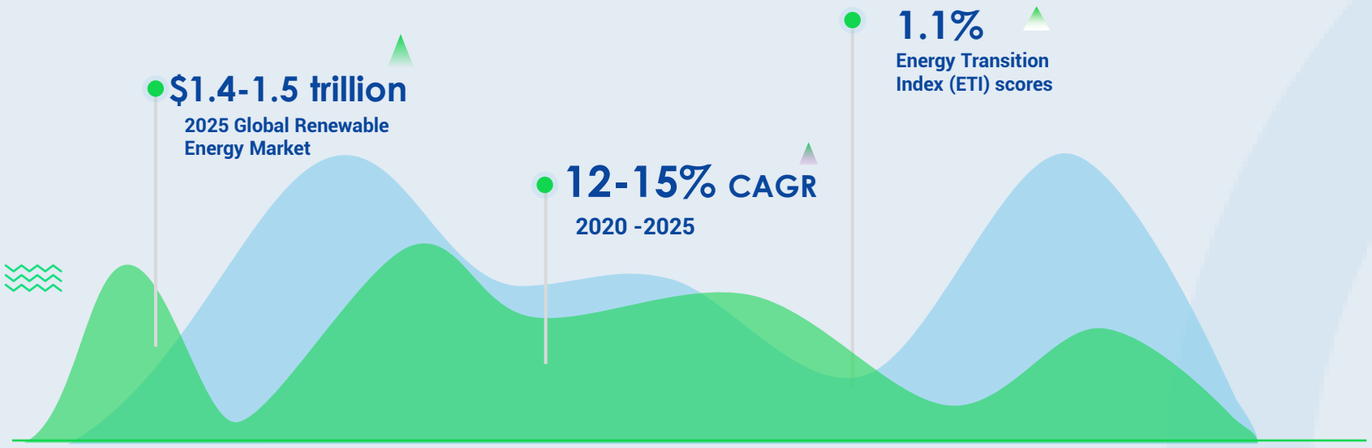




Interestingly, the adoption of AI use cases, is consistent across the full value chain of the sector. IBM IBV reports that currently, **44% of upstream** organisations use AI in oil and gas exploration while another **45% plan to** within 3 years. In downstream operations, **41% utilise** AI in refining and another **52% is expected** to do so within 3 years.[120]

118. Mordor Intelligence, AI in Oil and Gas Market Size & Share Analysis – Growth Trends and Forecast (2025–2030) *Mordor Intelligence* (3 September 2025) link here accessed 23 October 2025.
119. IBM Institute for Business Value, Oil and gas in the AI era *IBM* (21 May 2025) https://www.ibm.com/industries/oil-gas/ai-era accessed 23 October 2025.
120. Ibid.

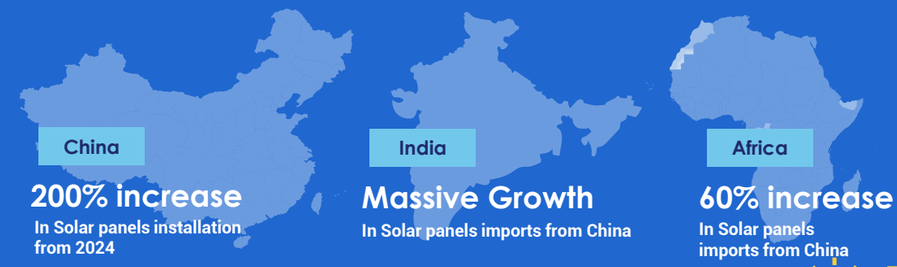
RENEWABLE ENERGY TRANSITION



The global energy system witnessed a very striking dynamic in 2024 to 2025: while renewable energy continued to grow at pace, hydrocarbons demand remained resilient, creating an interesting intersecting transitional landscape. In 2025, the global renewable energy market emerged as a dominant force reaching $1.4-1.5 trillion, representing a 12-15% CAGR over a five-year term.[121] Underscoring this traction, the World Economic Forum reported that overall Energy Transition Index (**ETI)** scores in 2025 improved by 1.1%, more than double the average rate of the previous.[122]

Solar continued to dominate the stage as the fastest growing source of energy worldwide. In the first six (6) months of 2025, countries installed 380 gigawatts of solar capacity, up from 232 gigawatts in 2024 according to Ember[123]

China led the fray, installing more than twice as much solar in the first half of the year as it did in early 2024. Additionally, China's exports of low-cost solar panels, drove growth in India and across much of Africa. Between September 2024 to September 2025, solar exports to the African continent rose by sixty percent (60%), according to Ember.[124]



The trend underpins what the DNV Energy Transition Outlook 2025 describes as a move toward a 50:50 fossil/non-fossil primary energy mix by 2050 — though it warns that the transition remains too slow to meet Paris-Agreement goals.[125]

For oil & gas companies, this environment presents both challenge and opportunity. On one hand, the rise of renewables signal headwinds for long-cycle hydrocarbon projects. On the other, the transition demands the skills, infrastructure and capital of the industry: pipelines, offshore platforms, rigs and logistics know-how can be redeployed into renewables.

However, the reality of the transition is textured as fossil fuels still supplies the majority of primary energy. Indeed, the energy mix outlook to 2050 continues to show a large role for gas and oil signalling co-existence rather than immediate substitution.[126] For major oil & gas players this means dual strategy: exploit high-return hydrocarbon assets while selectively investing into low-carbon adjacent businesses.

121. SolarTech Energy Systems, Renewable Energy Market Size 2025: Comprehensive Global Analysis and Future Projections *SolarTech* (21 August 2025) https://www.solartechenergysystems.com accessed 24 October 2025.
122. World Economic Forum, 'Fostering Effective Energy Transition 2025' (18 June 2025) https://www.weforum.org/publications/fostering-effective-energy-transition-2025 accessed 24 October 2025.
123. Nicolas Fulghum, 'Global Solar Installations Up 64 Percent So Far This Year' Yale Environment 360 (3 September 2025) https://e360.yale.edu/digest/global-solar-installations-up-64-percent-so-far-this-year accessed 24 October 2025.
124. Ibid.
125. DNV, Energy Transition Outlook 2025 *DNV* (2025) https://www.dnv.com/energy-transition-outlook accessed 24 October 2025.
126. Yuqi Zhu and others, Global Energy Outlook 2025: Headwinds and Tailwinds in the Energy Transition *Resources for the Future* (7 April 2025) https://www.rff.org/publications/reports/global-energy-outlook-2025-headwinds-and-tailwinds-in-the-energy-transition/ accessed 24 October 2025.

ESG (ENVIRONMENTAL, SOCIAL, AND GOVERNANCE)

CRITERIA IN OIL AND GAS INVESTMENT AND OPERATIONS.

Emerged from the periphery, Environmental, Social, and Governance (ESG) considerations now sit at the heart of capital allocation, operational risk management and stakeholder strategy in the oil and gas sector. Research indicates that 89% of investors consider ESG issues in some form as part of their investment approach.[127] That magnitude underscores how ESG is no longer optional but embedded in investor decision-making frameworks.

In practical terms, oil & gas firms are increasingly being asked to demonstrate credible methane-leak detection, flare-reduction programmes, spill-resilience, community-engagement policies and board-level oversight of transition risks. An ESG landscape report by Morningstar, Inc. highlights that carbon emissions, non-GHG emissions, health & safety and governance gaps are the material drivers of risk in upstream and mid-stream oil & gas investing.[128]

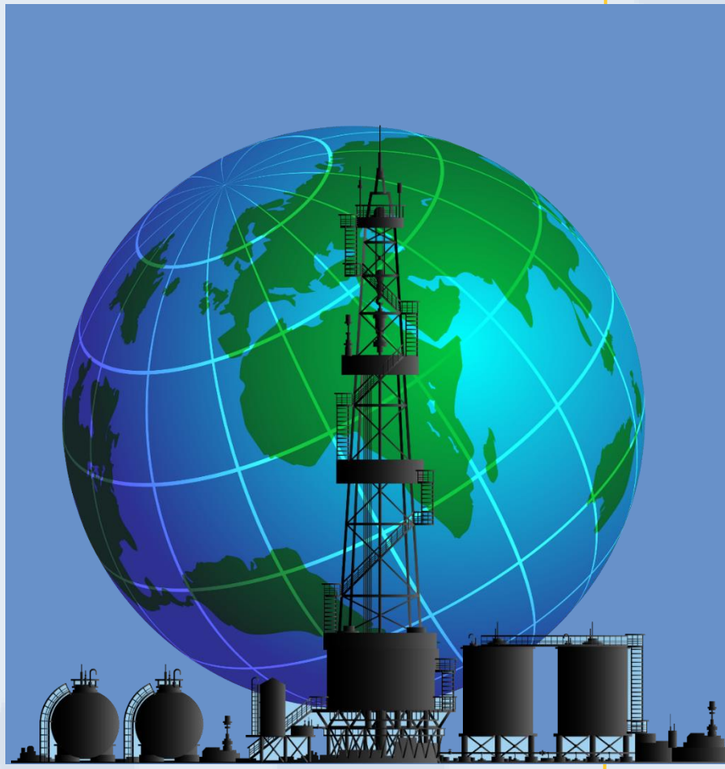
For oil and gas companies, this means that projects that cannot meet minimum ESG thresholds face increasing costs of capital, heightened scrutiny and potential project delays or cancellations.

- **methane-leak detection**
- **flare-reduction programmes**
- **spill-resilience,**
- **community-engagement policies.**
- **board-level oversight of transition risks.**

89% of investors consider ESG issues in some form as part of their investment approach.

127. Toni Vitali, 'ESG Investing Statistics, Data & Trends (2025)' Investing in the Web (7 July 2025) https://investingintheweb.com/statistics/esg-investing-statistics/ accessed 24 October 2025.
128. Joshua Aguilar and others, Oil & Gas Exploration & Production: Industry Landscape Report *Morningstar Equity Research* (February 2025) https://www.morningstar.com/company/disclosures/holdings accessed 24 October 2025.

EMERGING AND FRONTIER AREAS IN THE GLOBAL GAS SECTOR



The global shift to cleaner energy has influenced the emergence of hydrogen as one of the most prominent frontier growth vectors for the gas industry. Blue hydrogen, produced from natural gas reforming with carbon capture is gaining traction as it offers up to 85% carbon intensity reductions when capture rates exceed 90%.[129]

Similarly, turquoise hydrogen is gaining ground due to its lower CO2 footprint and valuable carbon co-product.[130] In addition, hybrid and "cross-breed" hydrogen projects are emerging, combining gas-based hydrogen production, renewable power and industrial offtake in integrated developments.

At the center of the hydrogen ecosystem lies infrastructure-led energy companies such as GreenView Energy which is advancing integrated clean energy infrastructure strategies that include hydrogen production, storage and transport alongside existing gas assets.[131]

Although factors like high costs, uncertain demand and regulatory environments, and slow infrastructure development impacts the uptake of hydrogen, there is evidence that the sector continues to mature. For instance, over 200 low-emissions hydrogen projects have reached final investment decision (FID) since 2020, and technological innovation across the value chain is advancing rapidly, indicating underlying structural momentum despite short-term recalibration.[132]

Looking ahead to 2030, expectations for low-emissions hydrogen deployment have been scaled back, with potential production from announced projects falling from 49 million tonnes per annum (Mtpa) to 37 Mtpa due mainly to cancellations of electrolysis-based projects. Nevertheless, production from operational and FID-approved projects is still projected to rise fivefold to about 4.2 Mtpa by 2030, with the potential to reach a further 6 Mt if supportive demand-side policies are implemented.[133]

Similarly, floating LNG (FLNG) has moved from a niche solution to a core frontier strategy for monetising offshore gas, particularly in regions where onshore liquefaction is constrained by cost, permitting or infrastructure limitations. FLNG enables offshore gas production, liquefaction, storage and export from a single floating facility, significantly reducing development timelines and capital intensity for stranded or remote gas fields. Market analysis by Mordor Intelligence projects steady growth in the global FLNG market through 2030, driven by rising LNG demand in Asia, energy security considerations in Europe and increased offshore gas development in Africa.[134]

Having advised on the financing and development of integrated projects involving green methanol, clean electricity and associated low-carbon products, as well as on the development and financing of large-scale gas processing and LNG infrastructure projects, our Gas and Emerging Energies Practice brings an unmatched capacity to advise on these gas-adjacent and emerging energy projects that sit at the intersection of conventional gas infrastructure and low-carbon fuels.

129. M Sunil Kumar, S A Srinivasan, M Vichitra, Amith S C, N Beemkumar and Ritesh Pratap Singh, 'Green, blue, and turquoise hydrogen: A review of production technologies and sustainability' (2025) 27 *Results in Engineering* 106238 link here
130. Ibid
131. GreenView Energy, 'What We're Doing' (GreenView Energy) https://www.greenviewenergy.com accessed 29 December 2025.
132. International Energy Agency, *Global Hydrogen Review 2025* (IEA 2025) https://www.iea.org/reports/global-hydrogen-review-2025 accessed 30 December 2025.
133. Ibid
134. Mordor Intelligence, 'Floating Liquefied Natural Gas Market Size & Share Analysis – Growth Trends and Forecast (2025–2030)' (Mordor Intelligence, 12 September 2025) <link here> accessed 30 December 2025.

2026 OUTLOOK

FORWARD LOOK

Increased Offshore Investments

The convergence of new production sharing contracts,[135] major International Oil Companies (IOCs) investment commitments,[136] and potential re-entry by a key player positions 2026 as a year of sustained activity and confidence in Nigeria's offshore developments.[137] With about 59 open block opportunities in the deep offshore,[138] we envisage accelerated deep-offshore exploration which will directly contribute to achieving the Federal Government's target of 2 million barrels per day by 2027 and 3 million barrels per day by 2030.

Fiscal Landscape

With the commencement of the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service Establishment Act 2025, and the Joint Revenue Board Establishment Act 2025 (the Tax Reform Acts), a diverse shift in the fiscal terrain for companies in the oil and gas sector creates both compliance challenges and growth opportunities. We envisage both compliance challenges and growth opportunities, taking advantage of fiscal incentives and continued engagement between the regulators and stakeholders on the sustainability and implementation of the new framework.

NNPCL Asset Divestments

We also expect to see portfolio rationalisation by the NNPCL with a growing likelihood of strategic divestments across its midstream holdings. Recent statements by the Special Adviser to the President on Energy indicate that the national oil company may be open to selling its refineries[139] as well as restructuring its asset ownership to invite partners able to deliver more efficient operations.[140] Where successfully implemented, the implications of these divestments can be transformative. For the NNPCL, shedding direct control of some of these assets could mark a shift to a leaner model that frees up capital and reduces operational drag. For the wider market, it presents an opportunity for greater private sector participation, potentially unlocking efficiency gains and fresh investment in the industry.

135. Sami Tunji, FG, Oil Firms Sign Contract for Offshore Blocks, Punch (2 September 2025), <https://punchng.com/fg-oil-firms-sign-contract-for-offshore-blocks/> 15 October 2025.
136. Damilola Aina, ExxonMobil Commits to $1.5bn Deepwater Oil Field Investment Punch (7 May 2025), <https://punchng.com/exxonmobil-commits-to-1-5bn-deepwater-oil-fields-investment/> accessed 15 October 2025; Abubakar Ibrahim, What New Shell $2bn Offshore Deal Means for Nigeria's Gas Dream, Business Day (14 October 2025), <https://businessday.ng/energy/article/what-new-shell-2bn-offshore-deal-means-for-nigerias-gas-dream/> accessed 15 October 2025.
137. Jide Ajia, Petrobras Eyes Return to Nigeria's Oil Sector, Punch (15 May 2025) <https://punchng.com/petrobras-eyes-return-to-nigerias-oil-sector/> accessed 15 October 2025.
138. Dare Olawin, NUPRC to License 220 Oil Blocks, Punch (7 August 2025), <https://punchng.com/nuprc-to-license-220-oil-blocks/> accessed 15 October 2025.
139. Damilola Aina, 'FG Open to Refinery Sale if Partners Emerge' Punch (6 November 2025) <https://punchng.com/fg-open-to-refinery-sale-if-partners-emerge-official/> accessed 3 December 2025.
140. Dare Olawin, 'Presidency Eyes NNPC Shake-Up as Oil Output Falters' Punch (11 November 2025) <https://punchng.com/presidency-eyes-nnpc-shake-up-as-oil-output-falters/> accessed 3 December 2025.

Renewal/Conversion of Licences

With the expiration of more than 40 PPLs granted to oil companies on June 28, 2022, following the completion of the 2020 marginal fields bid round, several licensees have applied to the NUPRC for renewal or extension. However, with the proposed implementation of the Drill or Drop Policy, we envisage that licensees who have not undertaken meaningful exploration or development activities may be at the risk of licence revocation.

Energy Transition

2025 was characterised by an aggressive push for domestic gas utilisation and major infrastructure delivery, driven by dedicated government initiatives and substantial financing. The MDGIF, backed by a strategic $500 million MoU with Afreximbank,[141] ensures a pipeline of projects focused on gas processing, storage, and distribution. This funding, coupled with the Presidential CNG Initiative (PCNGI), is projected to accelerate the transition in the transport sector, with the operational status of new CNG conversion centres in 2026[142] beginning to provide a cheaper, cleaner alternative to imported petrol. Furthermore, the anticipated commencement of operations of the ANOH gas project,[143] the nearing completion of the AKK Pipeline (at 72% completion),[144] among other critical gas infrastructure projects, will unlock new supply and demand centres, significantly boosting the country's aspiration to become a major gas-powered economy and achieve its 210 TCF reserves target. As we look ahead to 2026, the forecast remains indicative of a continuation of this trend, in line with the Decade of Gas initiative.

Crude Oil Production 2026

Having met its OPEC production quota of 1.5 million barrels per day in 2025, Nigeria is projected by the NUPRC to be on track to reach the 2.5 million barrels per day oil production target in 2026. This will be driven in part, by its strategy to unlock deepwater potentials, revive dormant fields, deploy improved recovery techniques, and accelerate approvals for new projects.[147]

Increased Refining Capacity

With the Dangote refinery expansion plans[148] and currently ongoing refinery projects such as the Ondo refinery, Waltersmith refinery, etc., we expect these projects to further solidify Nigeria's place as the leading hub for petroleum refinery business in West Africa. Modular refining capacity, currently under 10% utilisation,[149] is projected to record modest but steady growth as several licensed facilities reach completion or ramp up operations.

141. Afreximbank, Afreximbank and MDGIF Sign Strategic MoU to Accelerate Development of Gas Infrastructure in Nigeria, Afreximbank (12 September 2025), <link here> accessed 16 October 2025.
142. AfriReporter, FG to Establish CNG Conversion Centres in 20 Tertiary Institutions, AfriReporter (18 March 2025), <link here> accessed 16 October 2025.
143. OGE Journal, ANOH Gas Plant Begins Production at 850mscf/day, Becomes Nigeria's Largest, OGE Journal (2 June 2025), <link here> accessed 16 October 2025.
144. Damilola Aina, AKK gas project: NNPCL achieves major breakthrough, crosses River Niger, Punch (1 July 2025), <link here>accessed 16 October 2025.
145. Nigerian Upstream Petroleum Regulatory Commission, Oil Production Status Report, NUPRC (2025), <link here> accessed 19 October 2025.
146. Gloria Nwafor, Nigeria on track to achieve 2.5m barrels daily target by 2026, says NUPRC, The Guardian (22 August 2025), <link here> accessed 19 October 2025.
147. Damilola Aina, Nigeria on Track to Hit 2.5mbpd Oil Output — FG, Punch (22 August 2025), <link here>accessed 19 October 2025.
148. Udeme Akpan and others, Dangote expands refinery capacity to 1.4m barrels per day, Vanguard (27 October 2025), <link here> accessed 09 November 2025.
149. ibid, 9.

New entrants, combined with the phased expansion of existing refineries such as Waltersmith, Edo, and OPAC,[150] could collectively add incremental capacity of 30,000–50,000 barrels per day (bpd) by the end of 2026, provided crude supply bottlenecks are mitigated. However, the sustainability of this progress will hinge on full operationalisation of supportive mechanisms such as differentiated tariff regime, shared logistics infrastructure, and practical financing instruments like escrow-backed crude purchase models.

Nonetheless, key structural challenges—volatile crude output,[151] pricing frictions under the willing buyer–willing seller regime, and financing constraints—will continue to temper overall optimism. Nigeria's success in stabilising production closer to its OPEC quota of 1.8 mbpd and ensuring that domestic allocations are ring-fenced before exports will be decisive for sustained refinery throughput.

Global Oil Outlook for 2026

Global oil market projections for 2026 present a mixed outlook shaped by diverging forecasts from the International Energy Agency (IEA) and the OPEC. The IEA projects that global oil production will exceed consumption in 2026, resulting in an estimated surplus. This outlook reflects increased output from OPEC+ members and sustained production growth in key non-OPEC countries, including the United States, Brazil, and Canada.[152]

The IEA anticipates a sharp slowdown in demand growth, projecting an increase of only about 0.7 million barrels per day (mbpd), bringing total global oil demand to roughly 104.4 mbpd in 2026. On the supply side, the IEA expects output to rise by approximately 2.4 mbpd, following strong non-OPEC+ production growth in 2025. This would lift total supply to around 108.5 mbpd, creating a potential surplus of up to 4 mbpd, the largest in recent years.

While oil consumption is anticipated to continue rising, the pace of growth is expected to slow. The IEA forecasts an increase of about 700,000 barrels per day in both 2025 and 2026, driven largely by industrial activity and fuel demand in Asia. Nonetheless, the wider adoption of electric vehicles, improvements in energy efficiency, and slower economic growth in some markets are anticipated to curb the overall rate of global demand.[153]

In contrast, OPEC's forecast is notably more bullish on demand having revised its 2026 demand growth forecast upward to 1.38 million barrels per day.[154] This projection is supported by expectations of stronger economic performance across the United States, Europe, and parts of Asia and Africa. The divergence between the IEA and OPEC on demand growth underpins much of the market's current uncertainty, while OPEC sees demand rising more robustly into 2026, the IEA anticipates a more moderate pace of growth.

As production continues to outpace consumption, global oil inventories are likely to build, exerting downward pressure on prices. Brent crude is projected to average $52 per barrel in 2026.[155]

In conclusion, the global oil market in 2026 is expected to face oversupply and declining prices, as production growth outpaces demand across major regions.

150. Oladehinde Oladipo, 'Modular Refiners Await NNPCL's Crude Supply Six Months After Pledge' Business Day Nigeria (17 March 2025) <link here> accessed 9 September 2025.
151. Dare Olawin, 'Nigeria Sustains Oil Production Above OPEC Quota' Punch (18 August 2025) <https://punchng.com/nigeria-sustains-oil-production-above-opec-quota/> accessed 9 September 2025.
152. James Keates < link here> last accessed 19 October 2025
153. ibid.
154. Alex Lawler, 'OPEC points to smaller 2026 oil supply deficit as OPEC+ pumps more' Reuters (London, 13 October 2025) <https://www.reuters.com/business/energy/opec-holds-oil-demand-outlook-points-smaller-2026-supply-deficit-2025-10-13/> last accessed 20 October 2025.
155. United States Energy Information Administration 'Short term energy outlook' U.S E.I. A (12 November 2025) <https://www.eia.gov/outlooks/steo/ > last accessed 20 October 2025.

GLOBAL GAS OUTLOOK FOR 2026

Global demand for natural gas is expected to remain resilient over the coming years, as many countries continue to regard gas as a critical component of their energy transition strategies. According to the IEA, Global LNG supply is expected to rise in 2026, expanding by about 7% (equivalent to 40 billion cubic metres), the highest annual growth since 2019. This increase will be driven mainly by China and emerging Asian market and additional capacity from the United States, Canada, and Qatar, with Qatar's North Field East project scheduled to commence operations in mid-2026.[156] Together, these developments will substantially boost global supply and help ease recent supply constraints.[157]

On the demand side, global gas consumption is projected to reach a record high in 2026, growing by roughly 2% as supply improves and industrial activity strengthens. The industrial and energy sectors are expected to account for about half of this growth, while gas-fired power generation will contribute around 30%, supported by higher electricity demand. Consumption in residential and commercial sectors on the other hand is forecast to rise modestly, by around 1%. Regionally, Africa's natural gas demand is expected to increase by almost 2.5% in 2026, largely driven by stronger gas use in the power, industry and energy sectors.

In terms of pricing, the EIA forecasts that natural gas prices will average around $3.50 per MMBtu in 2026, reflecting growing demand from new LNG export projects and expectations that consumption will outpace supply.[158]

Overall, 2026 is poised to be a year of increased supply and stable demand, reinforcing natural gas' position as a central component of the global energy transition.

As new LNG projects come online and demand rises across industry and power generation, natural gas will remain a critical bridge fuel in the global energy transition.

156. David Goodman 'Qatar's North Field East gas expansion to begin output in mid-2026' Reuters (21 May 2025) <https://www.reuters.com/business/energy/qatars-north-field-east-gas-expansion-begin-output-mid-2026-2025-05-20/> last accessed 20 October 2025.
157. Gergely Molnár 'Gas Market Report, Q3-2025' I.E.A (22 July 2025) < https://www.iea.org/reports/gas-market-report-q3-2025> last accessed 20 October 2025.
158. NAGA 'Natural Gas Forecast & Price Predictions 2026: Moderate to Higher Prices Prices' NAGA (2 February 2026) <https://naga.com/en/news-and-analysis/articles/natural-gas-price-prediction> last accessed 4 February 2026.

Glossary

AKK means Ajaokuta-Kaduna-Kano

BINL means Backbone Infrastructure Nigeria Limited

CEI Order means Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025

CIT means Companies Income Tax

CNG means Compressed Natural Gas

Commercial Regulations means Nigerian Upstream Petroleum (Commercial) Regulations, 2025

D&A means Decommissioning & Abandonment

D&A Fund means Decommissioning and Abandonment funds

Draft Petroleum Safety and Environmental Regulation means Downstream Petroleum Safety and Environmental Regulations, 2025

EIA means Energy Information Administration

ESG means Environmental, Social, and Governance

ETI means Energy Transition Index

ETR means Effective Tax Date

EU means European Union

FDPs means Field Development Plans

FIDs means Final Investment Decisions

GHG means Green House Gases

GHG Guidelines means Fugitive Emissions from Midstream and Downstream Petroleum Operations in Nigeria 2025

GHG Plan means GHG Management Plan

GOGET means Global Energy Monitor

HCT means hydrocarbon tax

IBM IBV means IBM Institute for Business Value

IEA means International Energy Agency

IFC means International Finance Corporation

IOCs means International Oil Companies

JRBA means Joint Revenue Board Act

LNG means Liquefied Natural Gas

LPG means Liquefied Petroleum Gas

MBPD means million barrels per day

MoU means Memorandum of Understanding

MMBtu means Million British thermal units

MMSCF means Million Standard Cubic Feet

MOFI means Ministry of Finance Incorporated

MTPA means Million Tonnes per Annum

NAICOM means National Insurance Commission

NBS means National Bureau of Statistic

NCDMB means Nigerian Content Development and Monitoring Board

NGFCP means Nigerian Gas Flare Commercialisation Programme

NGIC means NNPC Gas Infrastructure Company Limited

NIIRA means Nigerian Insurance Industry Reform Act 2025

NLNG means Nigerian liquefied natural gas

NMDPRA means Nigerian Midstream and Downstream Petroleum Regulatory Authority

NMGP means Nigeria-Morocco Gas Pipeline

NRSA means Nigeria Revenue Service Act

NTA means Nigeria Tax Act

NTAA means Nigeria Tax Administration Act

NUPRC means Nigerian Upstream Petroleum Regulatory Commission

OB3 means Obiafu–Obrikom–Oben

OECD means Organisation for Economic Co-operation and Development

ONDIPA means Ondo State Development and Investment Promotion Agency

ONHYM means Office of Hydrocarbons and Mines

OPEC means Organisation of the Petroleum Exporting Countries

PIA means Petroleum Industry Act

PIB means Petroleum Industry (Amendment) Bill, 2025

PCNGI means Presidential CNG Initiatives

PMS means Premium Motor Spirits

PML 66 Petroleum Mining Lease

PPL 202 Petroleum Prospecting Licence

PSCs means Production Sharing Contracts

Sapetro means South Atlantic Petroleum

SNEPCo means Shell Nigeria Exploration and Production Company Limited

SOFR mean Secured Overnight Financing Rate

SPDC means Shell Petroleum Development Company Limited

TGS means Terminal Gas Station

Train 7 means liquefaction train project

UOC means Unit Operating Cost

Upstream Fees Regulations means Upstream Petroleum Fees and Rents (Temporary) Regulations

US means United States

CONTACT US

Lagos
The Adunola, 401 Close, Banana Island, , Ikoyi, Lagos, Nigeria
lawyers@olaniwunajayi.net

Abuja
4th Floor Leadway House, Plot 1061, Cadastral Avenue,
Central Business District, Abuja, Nigeria.
ap@olaniwunajayi.net

Port Harcourt
17, Road 315, Flat 5, BICS Suites, 25 Herbert Macaulay Street, Old GRA,
Port Harcourt, Rivers State, Nigeria.

London
29th Floor, 30 St Mary Axe, London.
EC3A 8AF, United Kingdom
+44 (0) 207 337 6012

WWW.OLANIWUNAJAYI.NET
+234 1 270 2551